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NEWS SUMMARY

GENERAL

UK in protest over gun sale ban

The Government has protested at the U.S. State Department about the ban on gun sales to the Royal Ulster Constabulary.

FT Moscow man granted extension

The Soviet Union has decided to extend the accreditation of David Satter, Financial Times correspondent in Moscow, for a further six months.

Car kills girl

A three-year-old girl was killed and an 81-year-old woman badly injured when a car plunged into a group of shoppers and children in Stockholm.

Few port delays

Air and sea ports in the UK reported few serious delays to passengers or other traffic as customs officers began working to rule in protest against staff cuts.

Refugees safe

Hong Kong officials were confident that hundreds of Vietnamese boat people, earlier feared drowned by typhoons, had landed safely in the colony.

Menten blaze fails

Four armed men failed in an attempt to burn down the 50-room mansion in County Waterford, Ireland, owned by Dutch millionaire and Nazi war crimes suspect Pieter Menten.

ITV threat

ITV programmes may be blacked out again following unions' rejection of a 15 per cent pay offer. The National Association of Television, Theatrical and Cine Employees predicted a stern confrontation with independent television companies.

Model released

Former top model Vicki Hodge was released from Limehouse police station, London, after being questioned by police inquiring into an alleged financial conspiracy.

Out of tune

Common Market officials are being attacked for producing a 108-page survey on the classical music record industry in Ireland. The document, containing a list of records and stocks, established that Ireland produces no classical records and that few are sold there.

Briefly

Pilot was killed when German Starfighter crashed during a display at an air show at Yeovilton Naval Air Station, Somerset. Winner of £100,000 in the June Premium Bond draw lives in Stoke-on-Trent. The winning bond number was 77B 044723. Territorial rain stopped the second day of the Test between England and India of Lords after England were 72 for three in reply to India's first innings 96. BBC disc jockey Tony Blackburn is being replaced on his daily peak-time show and will in future broadcast at weekends only.

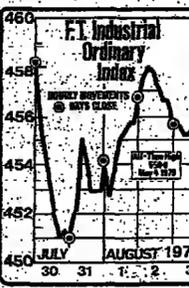
CHIEF PRICE CHANGES YESTERDAY

Table with columns for RISES and FALLS, listing various commodities and their price changes.

BUSINESS

Equities quiet, Gilts up 0.16

EQUITIES remained quiet and the FT 20-share index rose 1.5 to close at 457.5.



GILTS gained slightly on early sterling firmness and the Government Securities Index closed 0.16 up at 22.78.

STERLING showed a firmer tendency and gained 15 points to close at \$2.2695. Its trade-weighted index rose to 72.4 (72.2), and the dollar's was 84.6 (84.5).

GOLD lost \$11 in London to close at \$287—a fall of \$18 on the week. In New York, the Comex August settlement was \$286.30 (\$286.00).

WALL STREET closed 1.59 down at 84.16.

CHRYSLER Corporation president, Mr. Lee Iacocca, appealed to the United Auto Workers for a two-year wage freeze in a move which underlines the company's precarious position.

LONDON'S Consolidated Gold Fields has dropped its £75m plan to mine potash in Whitby, North Yorkshire.

WORKERS at Rio Tinto Zinc group's big Hamersley iron ore operation in Western Australia have voted to end their 10-week strike.

CEGB is expected to decide shortly whether to apply for Government consent to build a coal-fired power station near Grimsby.

INSURERS may have to pay between \$85m and \$90m (£39.5m), following the sinking on Thursday of the supertanker Atlantic Empress.

HEAVY LORRIES may have to pay higher taxes as a result of Government proposals unveiled yesterday to make hauliers pay more towards road costs.

IBM is to delay shipment of its new system-8 computers by six to nine months to test further the system's programming elements.

AIRBUS INDUSTRIEL, the European consortium building the A-300 and A-310 Airbus, is planning more airliners to compete with the U.S. industry.

GOVERNMENT has sold for a profit of over £160,000 its 13 per cent holding in Drake and Scull, the mechanical and electrical engineering group which nearly collapsed in 1976.

RESTORELL, the fluid engineering and insulation company, gave a chilly reception to an increased £20m offer from BTR, the rubber and engineering group.

REDMAN HEVLAN International has extended its top-per-share cash offer, worth £7.3m, for Wellman Engineering Corporation by five days to August 10.

FINNISH TIMBER Company has posted pre-tax profits in the year to March 31, 1979, from £11.1m to £24.2m on turnover up from £33.8m to £35.5m.

FINSIDER, the Italian State steel company, reported an increased consolidated deficit for the year of £51.7m against £50.1m in 1977.

Common ground on Rhodesia emerges

BY DAVID PALMER AND MARTIN DICKSON IN LUSAKA

PRESIDENT Julius Nyerere of Tanzania yesterday opened the Commonwealth Conference debate on Rhodesia with a remarkable conciliatory speech which raised hopes that a common approach to the problem might emerge from the Lusaka summit.

The Tanzanian leaders' remarks, followed by a similarly conciliatory speech by Mrs. Margaret Thatcher, the British Prime Minister, eased much of the pre-conference tension over Rhodesia and set the scene for a weekend of informal talks by all heads of Government.

President Nyerere, delivering the clearest and most positive speech on Rhodesia by a Front Line leader since the internal settlement elections, hoped the conference could reach a consensus on an action which can bring the war to an end by establishing a democratic government in Rhodesia.

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should not have adequate control over certain senior appointments. Britain, she said, was 'wholly committed to genuine black majority rule in Rhodesia.'

Mrs. Thatcher said the British Government would be presenting its own constitutional proposals as quickly as possible to all the parties.

Both leaders agreed that the present Rhodesian constitution is inadequate, and both believe that it is up to Britain to put forward its own proposals.

They also both agreed that there should be provision for white minority representation in Parliament but that this should not give whites a veto power.

However, until Mrs. Thatcher unveils Britain's proposals—and at present she does not intend to do so until after the conference—it will not be clear whether any wider agreement with the Front Line States is possible.

Constitutional changes which significantly reduce white influence are likely to be strongly resisted in Salisbury.

One possible area of conflict between the British and the Front Line States is the role of the Patriotic Front.

Britain will be including them in its discussions but President Nyerere said yesterday that it was 'not possible just to introduce a new constitution and to co-opt representatives of the external nationalists into the Salisbury Government structure.'

That said, there is considerable satisfaction in Lusaka about the way the conference is going. Halfway through the summit, Mrs. Thatcher and the Front Line leaders have not only avoided a widely forecast row over Rhodesia but, in a series of bilateral meetings, appear to have struck up an unexpected rapport.

In yesterday's debate, the Nigerian delegation struck a distinctly tougher note than other countries. Major-General Adeboye, the Nigerian Commissioner of External Affairs, said there was not much hope for Mrs. Thatcher's proposals, which were not specific enough.

The trade-weighted index, measuring the value of sterling against a basket of other currencies, yesterday rose by 0.2 points to 72.4 after touching 72.6 in the morning. This compares with a low for the week of 71.6 and a four-year high of 74.0 just over a week ago.

The pound rose by 15 points against the dollar to \$2.2695 compared with a low of \$2.2450.

STERLING appears to have stabilised for the moment after the sharp fluctuations in the rate at the end of last month.

Dealers report that, while trading has been fairly quiet in the last couple of days, business has been in both directions. They say it is too early to tell whether this marks a new trend after the sharp rise in the rate for most of July and the dramatic shake-out of speculative positions on Tuesday.

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Loan demand puts pressure on corset

BY MICHAEL LAFFERTY, BANKING CORRESPONDENT

CORPORATE demand for bank lending continues to be buoyant, though demand for personal sector loans is falling off, say senior executives of three of the major London clearing banks—Lloyds, Midland and National Westminster.

They expect this position to continue for the immediate future, possibly up to the end of the year, thereby making it very difficult for the banks to remain within official credit limits.

All the banks say that most increased lending to businesses is on overdraft, where utilisation levels are being pushed higher.

At National Westminster, Mr. Jeff Benson, chief executive, says that, on average, companies are utilising between 50 and 55 per cent of their agreed facilities, while Lloyds reports that the take-up of overdraft arrangements for working capital is more than 50 per cent.

The clearing banks attribute this to growing liquidity pressures on companies, as profits decline and re-stocking goes on. The continued corporate demand for funds is making it very difficult for the clearers to keep within the corset, the official lending restraint mechanism.

Mr. John Davis, chief general manager at Lloyds, declares that the corset is now 'pulling fairly hard.'

We are all finding it difficult to meet the corset, and there is not much to choose between us.

As a result the clearers are being forced to pay particular regard to official guidelines on priority areas for lending, and the manufacturing sector in particular.

Nevertheless, Lloyds admits it is already facing difficulty in finding large chunks of term lending for large corporations.

Mr. Benson says he has given a verbal instruction that National Westminster managers be reminded of the priority areas. 'We are trying to cool it in non-priority sectors.'

Continued on Back Page

Bank to keep most of its exchange control staff

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

MORE THAN nine-tenths of the 750 staff employed by the Bank of England to administer exchange controls, expects to make some savings by about the end of this year.

The Bank's expenses in this area amounted to £13m in 1978-1979 and were estimated at £12m for the current financial year before the recent relaxations.

The cost of Treasury staff engaged full-time on exchange control is about £300,000 a year. The initial saving of 16 Bank posts mainly affected people on short-term contracts in Birmingham. They had been monitoring the regulation requiring British companies to bring back to the UK two-thirds of profit from overseas.

This activity has now ceased. Any further savings will probably come in the City and will be covered by natural wastage and by transfers within the Bank.

£ in New York

Table showing exchange rates for £ in New York for August 3 and Previous.

The Bank has already saved 16 posts and it hopes in due course to save up to a further 50 posts. Most of the existing 750 staff are employed in the City.

BL to look at future of top-of-range cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

THERE IS to be a wide ranging review of the structure and operations of Jaguar Rover Triumph, BL's specialist car subsidiary, in the wake of the sharp rise in the value of the pound and changing attitudes to fuel conservation.

BL as a group is suffering badly from the high value of the pound because it is one of the UK's biggest direct exporters and yet has no easy recourse to cheap imports of raw materials and components.

Even if a switch to overseas sourcing were politically acceptable, the scale of the problem means that it could not be made very quickly. For example, BL takes about 13 per cent of the British Steel Corporation's output of sheet steel.

And the group remains the major customer of many UK component manufacturers.

Jaguar Rover Triumph's problems are compounded by 45 per cent of its turnover, both in cash and production in unit terms, going to the U.S. and the dollar is particularly weak compared with the pound. JRT would expect to sell more than \$400m of cars in the U.S. this year.

Looking to the longer term, JRT must be worried about whether there is much of a future for the big-engined, large cars it produces at the top of the range in an energy-preoccupied world.

Appointed to supervise the JRT review is Mr. Percy Plant, 47, acknowledged to be one of BL's toughest administrators and a man who in the past has taken difficult decisions.

Mr. Plant won the unfortunate title 'the liquidator' among some BL employees after he first presided over the closure of the loss-making business Leyland-Austin in Spain and then carried out the same sort of exercise in Italy with Leyland Innocent.

Mr. Plant is an accountant and BL stressed yesterday that he is now group secretary—which did not lead to such a dramatic result as in Spain and Italy.

JRT will also lose one major money-earner as a result of the shake-up to take place later this month. Land-Rover (which also makes the Range-Rover) is to become a separate company within BL Cars.

Both Mr. Plant's appointment as chairman of JRT and the swift Land-Rover take effect on August 20.

The changes are among several announced by the company yesterday. BL has created a new position of managing director, cars, Mr. Ray Horrocks, currently chairman and managing director of Austin Morris, has been appointed to the position.

Succeeding him as managing director at AM—where Mr. Horrocks retains the chairmanship—is Mr. Harold Musgrove, currently the manufacturing director.

Mr. Pratt Thompson, the present chairman and managing director of JRT is to become chairman of BL International.

Mr. Thompson is an American who has extensive worldwide commercial experience and in particular has knowledge of the Japanese and U.S. markets. He will continue to chair the Board of Jaguar Rover Triumph Inc. in the U.S., BL's largest overseas operation. And it will be Mr. Thompson's responsibility to bring to fruition the current talks about a joint car between BL and Honda of Japan.

Sterling stabilised

By Peter Riddell

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Power workers accept 23%

BY PHILIP BASSETT, LABOUR STAFF

LEADERS of Britain's 96,000 electricity supply manual workers yesterday withdrew their threatened industrial action in the power stations, which was due to begin next week.

The deal is in line with the increases achieved last month by the industry's 27,000 engineers, which set a new target for manual workers after they rejected by about three to two in a secret ballot an offer worth about 14 per cent.

The engineers had hoped to restore differentials eroded during the years of the last Government's pay policy, but Mr. Bill Prior, Electricity Council member for industrial relations, said yesterday that the council did not expect a renewed claim from the engineers after the manual workers' settlement.

Mr. Frank Chapple, trade union side chairman, said the unions had made clear to the council their strong views on any possibility of the engineers improving their deal in the forthcoming arbitration on their claim for increases of a further 10 per cent which was part of their agreement.

Mr. Chapple, general secretary of the Electrical and Plumbing Trades Union, said four signatory unions had withdrawn their notice of industrial action which was tabled after the workers' rejection of the earlier offer.

The action was due to begin on Wednesday.

The new deal will not be put to a ballot, but individual unions will advise their members on acceptance.

The agreement gives the power workers an increase of 12 per cent, backdated to March 17, a further rise on October 1 of 8 per cent, and improvements to conditions worth about 3 per cent.

The Electricity Council estimates that the deal will only add 15½ per cent, or about £65m to the manual workers' pay bill costs for the year.

The deal will add £10.25 to the pay of manual workers on the lowest rate and £12.48 to skilled men on the highest.

Average earnings for labourers are currently estimated at £75 a week, £90 for craftsmen and £115 for foremen.

Grimsby coal-fired power station likely, Page 3

BL to look at future of top-of-range cars

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

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Continued on Back Page

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er's im. Various small advertisements and notices.

OVERSEAS NEWS

Israel threatens autonomy talks

BY DAVID LENNON IN TEL AVIV

ISRAEL IS threatening to scuttle the current negotiations on Palestinian autonomy because of a reported shift in American policy on the issue. The Cabinet will meet on Sunday to discuss the growing rift in relations with the U.S. shortly before American, Israeli and Egyptian teams are due to hold a new round of autonomy talks in Haifa.

Minister Professor Yigael Yadin said that any such action will raise a serious obstacle to further progress in the peace negotiations. Another official said that even if the PLO signalled its preparedness to recognise Israel, Jerusalem would continue to oppose any U.S.-PLO dialogue. These moves at the UN, in advance of a Security Council debate later this month on the Palestinian issue, are seen in Jerusalem as part of a public move of the American position towards greater support for the Palestinians.

USSR extends FT reporter's permit

By Our Foreign Staff

The Soviet Union has decided to extend the accreditation of Mr. David Satter, the Financial Times correspondent in Moscow for a further six months. The Foreign Office announced in London yesterday.

Pressure in Congress led to Ulster arms sales ban

BY DAVID BUCHAN IN WASHINGTON

THE U.S. State Department's action this week to suspend for the time being all sales of U.S. handguns and ammunition to the Royal Ulster Constabulary was the result of growing pressure in Congress on this issue.

The Dublin Government, and prominent Irish-American leaders. For example, the Irish-American establishment has strongly disassociated itself from Mr. Biaggi's plan to hold "peace forum" hearings in Washington at the end of next month, since his intention to invite leaders of the Provisional IRA would confer recognition on the terrorist movement.

in the stars and stripes. Indeed, the Speaker has consistently condemned the flow of arms and money from the U.S. to the Provisional IRA. So have the others among the "Four Horsemen," as they are known in the Irish-American community here—the Speaker, Senator Edward Kennedy, Governor Hugh Carey of New York, and Senator Daniel Patrick Moynihan.

Tunis frees union leader

By Tanya Matthews in Tunis

PRESIDENT BOUGHIBA of Tunisia has granted his presidential pardon to former Secretary-General of the UGTT, the Tunisian trades union, Mr. Habib Achour, and eight political prisoners including members of the Paris-based left-wing organisation "The Perspectives."

Syrian general for PLO post

BY IHSAN HIJAZI IN BEIRUT

A SYRIAN Air Force General of Palestinian extraction has been named to head the military operations department of the Palestine Liberation Organisation in succession to Mr. Zuheir Mohsen, who was assassinated last month in Caen, on the French Riviera.

The 45-year-old Gen. Azam is a Syrian citizen, and is head of Syria's bomber command, which mainly consists of Soviet-built Sukhois. It was not immediately known if he would leave the Syrian Air Force to devote all his time to Saïqa and the PLO. The PLO's executive committee is due to meet here tomorrow to decide on the nomination, and to decide on readmitting the hard-line Popular Front for the Liberation of Palestine (PFLP) to the committee.

Iranians vote for constituent assembly

BY ANDREW WHITLEY IN TEHRAN

IRAN YESTERDAY took another big step in the direction of a full-fledged theocratic state. In the first nationwide elections since the February revolution, millions turned out to vote for candidates for a 73-member constituent assembly.



Last-minute party declarations go up at Tehran University

In the event, the turnout was distinctly lower than in the March referendum on the monarchy, although at most of the capital's thickly scattered polling stations queues formed for most of the day. Voting continued after the official closing time of 5 p.m.

Japanese present 7-year plan

By Richard Hanson in Tokyo

A PRIVATE advisory board to the government yesterday presented a seven-year economic and social development plan which envisages real economic growth of 5.7 per cent a year, with an inflation rate of about 5 per cent up to the end of 1985.

W. German orders rise

BY JONATHAN CARR IN BONN

OVERALL ORDERS in West German manufacturing industry rose again in June, surpassing the already high level recorded for May by a seasonally adjusted 1 per cent.

the same months of 1978 underline the buoyancy of demand this year, particularly from abroad. Overall orders were up by 14 per cent, based on an increase of 11 per cent at home and 19.5 per cent abroad. Demand was up for basic goods by 17 per cent, for investment goods by 12.5 per cent and for consumer durables by 12 per cent.

U.S. jobless total up

By Jurek Martin, U.S. Editor, in Washington

THE U.S. unemployment rate rose only slightly last month to 5.7 per cent, 0.1 per cent more than in June.

In July, overall employment actually rose by 450,000, an increase entirely attributable to more women finding jobs. This means that once again there was a higher percentage of the population in employment in July—59.4 per cent—than at any other time.

Italian tanker strike ends

BY OUR FOREIGN STAFF

ITALY'S oil tanker drivers last night agreed to end a strike which led to severe petrol and diesel shortages and some fist fights among angry motorists.

Marchais hits at prices

BY DAVID WHITE IN PARIS

THE FRENCH political scene, veiled for the August holidays, echoed yesterday to the sound of M. Georges Marchais returning in the fray.

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Dutch ban sleeping pill

BY CHARLES BATCHELOR IN AMSTERDAM

THE DUTCH health authorities have imposed a six-month ban on the sale of the sleeping pill Triazolam—a drug similar to Mogadon—which is sold under the name Halcion in many countries in Europe.

Spanish wage rises of 1.7% recommended

MADRID—The Spanish Cabinet, in a regular meeting yesterday, recommended employers to pay an additional wage increase of not more than 1.7 per cent from June until the end of the year.

The tanker drivers' dispute was over transport tariffs. Rome airport refueling staff also stopped work, to back their demands for new labour contracts.

with dearer petrol, public services, rents, television licences, drinks and tobacco amounted in FF francs taken away from French workers.

The major goals and projections of the plan, the outline of which was drawn up earlier this year, are as follows:

Upjohn of the U.S. produces the drug at its factory in Belgium, and distributes it in Britain, Ireland, West Germany, France, Switzerland, Denmark, Belgium and The Netherlands.

More than half Italy's filling stations ran out of fuel as hundreds of thousands of motorists looked for pumps which were still operating.

His comeback press conference coincided with the announcement of new prices for petrol and electricity. These, which were expected, push high octane petrol up by FF 0.10 to FF 3.05 a litre (21.44 a gallon) and electricity charges up by an average of 7.5 per cent. At the same time, France's largest bank, BNP, raised its base lending rate for the fourth time in less than two months, to 10.05 per cent.

● The current account will, as a result of domestic demand-led economic growth, decline from 1.2 per cent of the gross national product in fiscal 1978 to 0.4 per cent in 1985.

Upjohn described the banning as "unnecessary and clearly not supported by scientific facts." It said it regretted the "sensationalised and subjective reports about Halcion."

The national airline Alitalia was forced to cancel 20 per cent of its international and domestic flights, at the peak of the holiday season.

● Spending of ¥240,000bn (£433bn) on public works projects to improve infrastructure.

● Social welfare benefits will increase from 12.3 per cent of GNP in fiscal 1978 to 14.5 per cent in fiscal 1985.

Upjohn said the banning of the pill has been sold in the Netherlands since 1961, but was approved for use last year to

In Paris, the Economics Ministry announced increases in French petrol prices to FF 3.05 (33p) per litre for super grade from FF 2.95 and to FF 2.84 for ordinary grades from FF 2.74, effective today.

● Tax and welfare payment burden on the public will rise to 37.5 per cent from 28.9 per cent.

● The average floor space of Japanese homes will expand in 80 square metres from 70 square metres.

More than 22m of the pills have been sold in the Netherlands since 1961, but was approved for use last year to

Martin Dickson and Michael Holman report on a lowering of tension over Rhodesia Key speeches 'a basis on which to build'

COMMONWEALTH LEADERS, during their informal meetings in Lusaka this weekend, will be digesting two key speeches on Rhodesia—one from President Nyerere of Tanzania and the other from Mrs. Margaret Thatcher, the Prime Minister.



minorities—even out of proportion to the numbers involved. But it does exclude control being retained by the minority community over judiciary, the public service, the police and armed forces... through constitutional devices, entrenched clauses and transitional arrangements which make any talk of majority rule ridiculous.

community. But that is a very different matter from enabling them to block all change. The Prime Minister concluded by setting out the main points of the British position: "The British Government are wholly committed to genuine Black majority rule in Rhodesia."

Advertisement for R Detect a Thief car protection system. Includes text: 'A CAR IS STOLEN EVERY 90 SECONDS!', 'Detect a Thief', 'A REVOLUTIONARY NEW CONCEPT IN CAR PROTECTION', and 'FIT THE BEST RINGPARTS Detect a Thief'.

HOME NEWS

Taxes on lorries may be increased

BY LYNTON MCLAIN

HIGHER TAXES for heavy lorries may be on the way as a result of proposals unveiled by the Government yesterday to make lorries pay their way on the roads. The move, foreshadowed in the Budget, is expected to apply to 250,000 vehicles of more than 12 tonnes gross weight. But any increase in taxes is certain to be greeted with a storm of protest from hauliers. Operating costs in the industry rose by 17.5 per cent in the first half of the year and were still rising with the higher diesel fuel prices in July. Mr. Norman Fowler, Transport Minister, yesterday issued a consultation paper setting out the Government's proposals. These involve restructuring the vehicle excise duty on heavy goods vehicles. In future, if the plan gets through, lorries will be taxed according to their gross weight and number of axles. This would be a fairer basis of taxation, Mr. Fowler believes. The proposed changes will enable the Minister to re-lift the tax on different classes of goods vehicle to the extra costs they impose on Britain's roads. The change will not start before 1981, but even before yesterday's announcement the Road Haulage Association, which represents Britain's contract hauliers, attacked a Swiss report that Britain's hauliers contributed only half of the costs they imposed on roads based on figures for the whole of Europe.

New Towns property sales may top £150m

BY CHRISTINE MOIR

PROPERTY SALES by the New Towns this year could well top £150m. In addition to the £100m or so that the authorities have been asked to raise by Mr. Michael Heseltine, Secretary for the Environment, a further £40m is expected to be saved through self-financing of development programmes. Under the cash limits imposed by the previous Government the borrowing powers of the New Towns were cut back. They were encouraged to fund about £20m of their present development programmes through sales of existing assets. Further disposals will be required by the present Government. The Department of the Environment confirmed yesterday that the latest restrictions on development loans would probably lead to a further £20m or so of sales. The bulk of this would largely devolve on the three most mature towns—Stevenage, Hatfield and Bracknell. These towns—all due to be wound up and have their assets transferred to the New Towns Commission within two years—have total commitments to new building of at least £17m. They confirmed yesterday that they have been instructed to fund those commitments from their own resources by selling assets. Feature—page 15

Ladbroke may face more casino licence battles

BY JAMES BARTHOLOMEW

THE GAMING Board might seek the closure of Ladbroke's Group's provincial casinos but a final decision has been deferred until Ladbroke's appeal against the refusal of South West Gaming Board to issue licences for four London casinos is decided. The Gaming Board would not necessarily proceed against the other Ladbroke casinos even if the group finally lost the four London licences said the Gaming Board yesterday. But if it did, the appropriate steps would be either to seek cancellation of the provincial licences or to object to Ladbroke's provincial licences next year but may operator in Britain, was refused renewal of four London licences. A final decision has been deferred by South West Gaming Board.

Rosminster wins appeal bid

An appeal against a High Court ruling on Wednesday that the seizure of documents belonging to bankers Rosminster was not an abuse of power by the Inland Revenue. The court's decision is a matter of urgency by a specially convened Court of Appeal. Appeal Judge Lord Justice Megaw yesterday granted Rosminster an order certifying that the appeal against the High Court's ruling is of public importance. Lord Justice Megaw said the appeal was of such importance that it should be heard by the House of Lords.

Grimsby coal-fired power station likely

BY JOHN LLOYD

A DECISION by the Central Electricity Generating Board to apply for Government permission to build a big coal-fired power station near Grimsby is expected soon. The application is likely to be granted by the Government because of its policy of encouraging coal-burning to replace oil-fired capacity. The site, at Kellingholme, between Grimsby and the deep-water port of Immingham, already has consent for an oil-fired station, no longer regarded by the board as an economic proposition. The board wants a coal-fired station to be the same size as the oil-fired one previously proposed—4000 MW and would look to the South Yorkshire coal fields for much of its supplies. A station of this size, as high as the twin station at Drax, near Selby—would burn about 10m tonnes of coal a year. It is smaller, however, the only big coal-fired station in prospect, apart from a much smaller station at Dunston, Tyne and Wear, where an old station is likely to be "replanted" and enlarged, from 100 to 700 MW. There is also a long-standing consent to build a coal-fired station at West Burton, in the Trent Valley, though that is thought to have lapsed, and there are no plans for the site at present. While the board is anxious to press on with its nuclear programme, it anticipates that there may be some delays in consent being granted because of environmental and other pressures, and wants to avoid the position of any future shortage. The European Commission has also recently restated its position of support for the coal industry and for coal-fired generation, and could be expected to support the venture with loans on favourable terms, and possibly with subsidies.

£125,000 golden handshake for director

By Christine Moir

MR LAURIE MARSH, who joined the Board of Associated Communications Corporation when it took over his company, Intercontinental Property Holding in February, is leaving with a £125,000 golden handshake. A statement from ACC yesterday said that "by mutual agreement" Mr. Marsh had resigned from the Boards of ACC and Intercontinental. Lord Grade is to take his place on the Intercontinental Board. The statement is in sharp contrast with one issued by ACC on July 18. That said: "Mr. Marsh has been asked to relinquish his directorship." At that time Lord Grade, speaking from his New York office, said he did not believe any compensation would be paid to Mr. Marsh for loss of office and Mr. Marsh refused to make any comment. Yesterday Mr. Marsh agreed with Lord Grade's earlier explanation that their two styles of management did not mix. "I run a shoestring budget," he said. "ACC is a big company with a formal method." Mr. Marsh said that he intended to set up again in business on his own next week. "I will be going back into the same field—property through to leisure." The compensation Mr. Marsh received is not the largest given to former chairman in recent months. Mr. Eric Morley received £200,000 when he left Mecca, the Grand Metropolitan subsidiary, in December. Mr. Sandy Marshall, former chief executive of P & O, received £70,000 after his resignation in March. Savings and Investments, Page 6

Rates reprieve for Meriden

By Christine Moir

Coventry City Council finance committee yesterday agreed to allow extra time for the Meriden Triumph motorcycle co-operative to pay a rates bill of over £70,000. The co-operative's unpaid chief executive, Mr. Geoffrey Robinson, Labour MP for Coventry NW, said he was grateful for the understanding of creditors. He was more hopeful of securing a business partner to save the company's future.

Rolls-Royce signs Spey deal with Romania

BY OUR AEROSPACE CORRESPONDENT

ROLLS-ROYCE has signed contracts with the Romanian Government for both the supply of Spey aircraft engines, and eventual joint manufacture of the engines in Romania, that could eventually be worth over £200m during the 1980s. The deal is part of an overall agreement under which Romania will buy three Spey-powered British Aerospace One-Eleven airliners initially, and build up to 22 aircraft in conjunction with British Aerospace by 1985, thereafter manufacturing One-Elevens by itself. The British Aerospace share of the deal was signed several weeks ago. Mr. Barney Mathias, personnel and industrial relations director of Rolls-Royce, said yesterday that it was essential for the company to produce the engines on time and at the right price. "If we are to meet all our commitments, we must raise the level of our productivity. If we do, then we can succeed in becoming a high productivity big wage company." Under the agreement, Romania will take out a licence to manufacture parts of the Spey engine, while engines will also be assembled and tested there. ANTI-VIVISECTIONISTS have asked Mr. William Whitelaw, Home Secretary, to set up a five million experiments on animals every year. They claim that more animals every week are involved in experiments than in the whole of 1912, when laws governing tests were last reviewed.

NEWS ANALYSIS—THE CRISPS AND NUTS BATTLE

Why KP is making a meal of sales figures

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

KP FOODS, the United Biscuits crisps, nuts and savoury snacks subsidiary, is winning the battle for dominance of the fast-growing snacks market, worth about £240m a year. In a special market review published yesterday KP announced that Ministry of Agriculture data on the size of the total snacks market shows it has the largest market share. Not surprisingly, such claims are almost certain to raise the hackles of its close rivals—the Imperial Group's Golden Wonder subsidiary, Smiths Crisps, recently taken over by Associated Biscuits Manufacturers, and the U.S.-owned Walkers. All three companies have in the past claimed either overall market leadership or dominance in particular sectors of the snacks market. Yet the bitterness of the fighting shows just how well manufacturers are to do in a market that is growing at a time when the overall food sector remains depressed. While in value terms food sales continue to rise because of inflation, in real terms the volume of food sold in spite of a slight recovery late last year—still remains below the level reached in 1971. The snack market, on the other hand, has doubled in value over the past five years to reach £240m last year. Even allowing for inflation this includes substantial volume growth. This makes the snacks market substantially larger than the total UK coffee market—and only half the size of other established food markets such as biscuits or frozen foods. From being a fringe food sector, the snacks market is being considered by City analysts and others as a sector well worth watching. The market is divided into three sectors according to definitions laid down by the Ministry of Agriculture. These are the traditional crisps market, where whole potatoes are sliced and fried, the newer savoury snacks market based on processed potato or cereals, and the nuts market. The main reason for the volume growth in the overall market—and the cause of the fierce marketing battles in recent years—has been the upsurge in demand for savoury snacks. These—such as KP's Quater Spacers, Smiths' Monster Munch, and Golden Wonder's Wotsits—have grown in value from £22m in 1974 to £56m last year and are forecast to top £100m by the early 1980s. Demand for savoury snacks took off in the mid-1970s when rising potato prices forced up the price of traditional crisps. Savoury snacks, however, were less affected by raw material price rises at home since alternative supplies of processed potato could be obtained abroad. The better value of savoury snacks was especially important since they largely appeal to children and young people whose incomes are limited. This has led to the marketing of savoury snacks aimed at the child market. (Total snacks advertising and promotions last year reached £68m). Savoury snacks offered more enticing quick food than even some of the newer flavours of ordinary crisps, such as gammon and pineapple. For the manufacturers the advantage of savoury snacks was that they offered higher profit margins since raw materials prices were less likely to fluctuate according to the weather. In fact the high quality and profusion of the potato harvest last year—aided by new plant investment by some of the major producers—has meant a resurgence in growth for the traditional crisp sector. In volume terms this grew by 9.5 per cent last year, and by value, the growth was 11.6 per cent to reach £209.7m. KP estimates that the revival in growth prospects for crisps will see an 8 per cent surge in sales this year. Only the nuts market lost ground last year with a 7 per cent volume drop and only a 1 per cent value growth. This was the first drop in growth in six years and reflects consumer resistance to higher prices caused by rising raw material prices and the poor performance of sterling in recent years. The impact of inflation, rising raw material costs, and changing tastes in consumer demand (especially those appealing to children and induced by advertising) have all led to the multiplicity of statistics and figures for market shares throughout the 1970s. Consequently, KP and others were able to work out with the Ministry of Agriculture a generally agreed data-base of the total size of the snacks market. Last year was thus the first full year when snack food industry statistics were collated by an independent source. Mr. Barry O'Connell, marketing director of UB (Foods), which operates KP Foods, said yesterday that "on the basis of these figures and analysis of the 80 per cent of the market which is monitored by an independent

Tanker's insurers face bill for \$85m

By John Moore

INTERNATIONAL INSURERS face one of their biggest marine claims after the sinking on Thursday of the supertanker Atlantic Empress. The bill might total between \$85m and \$90m (£50m). Claims for about \$54m will be presented to the London insurance community. Of that, about \$32m (£14m) will fall on Lloyd's of London. Claims on the tanker's hull insurances are expected to total \$45m and cargo claims are estimated to be \$40m. Lloyd's share is likely to be about £7m on the hull and a similar amount on the cargo. Latest projections accord largely with underwriters' earlier estimates when the Atlantic Empress collided with the Aegean Captain, another tanker, two weeks ago off Tobago, in the West Indies. Both ships caught fire and the crew abandoned ship. The Atlantic Empress created an oil slick 15 miles long and three wide. The Aegean Captain was towed to Curaçao for repair. The Atlantic Empress, 392,666 tons deadweight, is the largest vessel ever lost. Her cargo of 27,577 tons of crude oil was the most spilled from one vessel.

Airbus group sets up future projects team

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AIRBUS INDUSTRIE, the European consortium, is studying airliner ventures for the future. It has set up a new department to co-ordinate plans, which will be headed by Mr. Derek Brown, who has been for some time with the Hatfield-Chester Division of British Aerospace. He joins Airbus Industrie in Toulouse as vice-president, New Products Co-ordination. Types being studied include a very long-range, four-engine, wide-bodied aircraft, seating up to 260 passengers; a stretched, short-to-medium range, twin-engine, wide-bodied, 300-350 seater; and a smaller, 130-160 seater, short-to-medium range airliner. The existing A-300 seats 250 passengers and the A-310 seats 200. Both are twin-engine, short-to-medium range aircraft. Airbus Industrie's long-term aim is to widen the Airbus into a "family" of jet airliners to compete with the U.S. industry. The partners in Airbus Industrie—British Aerospace, Aerospaiale, and Deutsche Airbus, which includes Messerschmitt-Bölow-Blohm and VFW-Fokker—have made many individual studies into the three airliner types under consideration. The cost of any of these ventures would run to several hundred million pounds, so if one or more of the new types is undertaken at all in Europe, it will have to be under the aegis of Airbus Industrie. Mr. Brown's task will be to bring together all the various studies undertaken so far, so as to produce specific designs in each area that might be considered by Airbus Industrie as serious projects. The project most likely to occupy immediate attention will be the 130-160-seater, for which a market for up to 1,000 aircraft is expected to emerge in the next few years. It is going to be replaced by a new One-Eleven and early Boeing 737s.

Potato board battle goes on

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

COURT BAILEIFFS have been instructed to seize goods worth £300 from the Pemrocheshire farm of Captain E. P. Carlisle, brother of Mr. Mark Carlisle, the Education Minister, in the latest round of a long-running battle with the Potato Marketing Board. Capt. Carlisle has been running a one-man campaign against the board which controls the acreages a grower can plant. There were still take-away rooms for sale as the last of the business-suited bargain hunters picked their way through the dark, deserted corridors of Lloyd's former Leadenhall Street headquarters building in London yesterday. The walnut panelled boardroom has already gone for £15,000. It will now grace a country house in Gloucestershire. But bids were still being taken for the Oval Room, the Committee Room, and several managers' offices, ideal for the up and coming executive who prefers the comforting glow of wood panelling to modern decor. The 50-year-old building will be demolished at the end of this year, but Lloyd's were anxious to save as many of its fine features as possible. Hence the sale of fittings room by room rather than piece by piece. The salvage company organising the operation describes it as possibly the largest since London Bridge was dismantled and shipped to America. Some of the wooden panels are 24 foot high, and the decorative ceiling of one room is part of the all-inclusive price. This extraordinary sale of about 1,000 architectural fittings is open only to Lloyd's members—such as underwriters and stockbrokers—and staff. About 500 have already placed their bids for everything from whole rooms to door pulls. The salvage company will begin considering the bids next week on a "fair and equitable basis," and whatever is left will be sold to the interior decoration trade. Most of the fittings, particularly the large pieces, will go to other Lloyd's buildings and offices, as well as to restaurants in which the company has an interest. Two of the most architecturally significant features of the old building—the panelled library and the war memorial—will be dismantled and re-assembled in the new premises to be erected on the same site. As always, however, Lloyd's is cautious about risks. Should the City not grant approval for the demolition of the old building and construction of the new one, everything has been removed to such a way as to allow quick re-assembly.

Animal cruelty review wanted

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ANTI-VIVISECTIONISTS have asked Mr. William Whitelaw, Home Secretary, to set up a five million experiments on animals every year. They claim that more animals every week are involved in experiments than in the whole of 1912, when laws governing tests were last reviewed.

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LABOUR

Times NGA members agree on peace offer

BY ALAN PIKE, LABOUR CORRESPONDENT

THE 800 National Graphical Association members who lost their jobs after Times Newspapers suspended publication eight months ago yesterday accepted return-to-work proposals agreed between the management and national union officials. Mr. Les Dixon, NGA president, said after a meeting of his Times Newspapers members that the formula had been accepted except for one or two minor points. "We shall be raising them with management but they are not of a tremendously serious nature." The future of the peace formula is in doubt, however, because it has been rejected by cbaops (office branch) leaders of the National Society of Operative Printers, Graphical and Media Personnel, the union with most members at Times Newspapers. On Monday, the NATSOPA executive will review the position and consider whether it should seek renewed talks with the company on the basis of revised proposals drawn up by the chapel officials. Among other things, the cbaops officials are demanding that new pay agreements must be concluded satisfactorily before the resumption of publication and that traditional methods of chapel negotiation must continue. They object to proposals to appoint an independent chairman to settle problems still outstanding six months after re-publication. Mr. Dixon said after his members had accepted the return-to-work formula that NATSOPA had to make its own decision. But he added "if NATSOPA set out on their own for any particularly long period of time it would not be acceptable to us. We would have to arrange to talk with the management."

BL Oxford workers set to ignore one-day action

FINANCIAL TIMES REPORTER

THE SIX BL car plants in the Oxford area will be open on Monday when the engineering unions wait workers to join in a national one-day strike. Mr. Malcolm Youog, Oxford district secretary of the Amalgamated Union of Engineering Workers, says he is very disappointed by the company's decision. He stresses that the call for action by the Confederation of Shipbuilding and Engineering Unions is an instruction to join an official dispute. He warned that production could be disrupted later "as there are always recommitments" when workers ignore official strikes. Shop stewards plan to picket the Austin-Morris car assembly plant where workers say they will go in on Monday. The AUEW has asked craftsmen at Cwley to reconsider their decision to delay supporting the Confederation until they know whether BL will again be given favourable consideration by the unions. Last year, the unions allowed BL to delay implementation of the annual agreement and to make it conditional on improved productivity. Mr. Youog said the men's attitude was understandable, but he was confident they would support the strike when they re-evaluated their position. Talbot Cars of Coventry (formerly Chrysler) yesterday said that their final pay offer of an extra 5 1/2 per cent plus an incentive bonus still stood. Earlier, a meeting of more than half the 4,000 strikers at the company's engine-building plant voted to continue their three-week stoppage. Like 2,000 workers at the company's car assembly plant in the city, they are claiming a 20 per cent pay rise—to put them level with other car workers in Coventry.

Lloyd's take-away rooms still up for sale

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

There were still take-away rooms for sale as the last of the business-suited bargain hunters picked their way through the dark, deserted corridors of Lloyd's former Leadenhall Street headquarters building in London yesterday. The walnut panelled boardroom has already gone for £15,000. It will now grace a country house in Gloucestershire. But bids were still being taken for the Oval Room, the Committee Room, and several managers' offices, ideal for the up and coming executive who prefers the comforting glow of wood panelling to modern decor. The 50-year-old building will be demolished at the end of this year, but Lloyd's were anxious to save as many of its fine features as possible. Hence the sale of fittings room by room rather than piece by piece. The salvage company organising the operation describes it as possibly the largest since London Bridge was dismantled and shipped to America. Some of the wooden panels are 24 foot high, and the decorative ceiling of one room is part of the all-inclusive price. This extraordinary sale of about 1,000 architectural fittings is open only to Lloyd's members—such as underwriters and stockbrokers—and staff. About 500 have already placed their bids for everything from whole rooms to door pulls. The salvage company will begin considering the bids next week on a "fair and equitable basis," and whatever is left will be sold to the interior decoration trade. Most of the fittings, particularly the large pieces, will go to other Lloyd's buildings and offices, as well as to restaurants in which the company has an interest. Two of the most architecturally significant features of the old building—the panelled library and the war memorial—will be dismantled and re-assembled in the new premises to be erected on the same site. As always, however, Lloyd's is cautious about risks. Should the City not grant approval for the demolition of the old building and construction of the new one, everything has been removed to such a way as to allow quick re-assembly.

Seamen seek aid in dispute

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

BRITISH SEAMEN sent telegrams to Dutch and Norwegian seamen's unions last night, asking for support in the North Sea offshore catering workers' strike. The telegrams followed an incident where supplies were transferred to a Norwegian supply vessel after the crew on a British boat in Aberdeen harbour refused to sail. The National Union of Seamen has instructed its members not to sail with cargo or supplies for installations affected by the nine-day strike by contract catering workers. The catering companies say 500 of their total workforce of 1,100 were on strike but the unions say the strikers number more than 900. Last night Mr. Harry Bygate, seamen's union official in Aberdeen, said: "In view of what happened and what is likely to happen again we have requested immediate assistance from the Dutch and Norwegian seafarers' union that they will not handle cargoes we have blocked." The union will also request more support from the 10-member Inter-Union Offshore Oil Committee which meets in Aberdeen on Monday.

Indian bank staff walk out

By Nick Garnett, Labour Staff

CLERICAL staff at the five principal Indian banks operating in London went on unofficial strike yesterday over a pay dispute. The Banking, Insurance and Finance Union, which negotiates in the Indian banks, had decided to press for settlements in foreign and domestic banks similar to the offer agreed in the main English clearers. The banks affected by yesterday's action were under-stood to be the Bank of India, the Bank of Baroda, the State Bank of India, United Commercial and the Central Bank of India. Mr. Gopal Krishnan, the Bank of India's chief manager for the UK, said there was only a small difference in the size of the offer made by the negotiating committee representing the five banks, and what the union was prepared to accept. Mr. Steve Gamble, union assistant secretary, said, however, that the offer was well below the general level of settlements in the English clearers, which was 15-17 per cent new money.

Mersey docks still idle

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

AN UNOFFICIAL dock strike on the Mersey, halting freight traffic between Liverpool and the Irish ports of Dublin and Belfast, is to go on into its fourth week. The 250 dockers, whose action has halted the coastal section, took just 20 minutes at a functioning meeting yesterday to vote to stay out. The dockers do not meet again until next Friday. The meeting had been put back for an hour while fresh talks were held between the Port Employers' Association and the Transport and General Workers' Union. Stewards eventually reported that no more money was available. The men want an extra £2.50-£3.00 a day for weekend work, to give them parity with other dockers. The British and Irish Line has already announced that it will switch its Dublin freight traffic from Liverpool to Fleetwood in October. P & O Ferries has warned of long-term losses of cargo trade on its Belfast operation.

Gallaher delays Ulster plans

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

GALLAHER, the tobacco group says work on parts of a £15m investment programme for its two Ulster factories will be delayed. It blames the effects of the road haulage strike and a seven-week strike by its own production workers in Ulster earlier this year. The company said its markets had been "disturbed" and it would be some time before the full effects could be assessed. A rationalisation of its Belfast operation will be held up, as will further capital investment at its Ballymena plant.

Miners' scheme

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

OWING TO a misprint the news analysis on the National Coal Board in yesterday's FT read that the miners' incentive scheme had "shown a deterioration." This should have read "stowed a deterioration."

Health workers fight cuts

BY OUR LABOUR CORRESPONDENT

SHOP STEWARDS representing health service workers in Lambeth, Southwark and Lewisham threatened a campaign of "active non-cooperation" yesterday in protest against the Government's decision to strip the area health authority of its powers. "We will use every lawful means at our disposal to oppose cuts," the Confederation of Health Service Employees shop stewards said. "If any of our members are asked to close a hospital ward, they will not do it." Mr. Patrick Jenkin, Social Services Secretary, decided this week to appoint commissioners to run the Lambeth, Southwark and Lewisham health services after the area authority refused to impose spending cuts. The National Union of Public Employees called upon another the City and East London health authority yesterday to follow Lambeth's example and refuse to implement cuts of £4m.

LOUIS O'D. LEE of New York... HOTEL CHESTERFIELD

THE WEEK IN THE MARKETS

Reviving dormant deals

Takeover bids and frolics in the currency market provided the main sources of excitement in London this week. Hanson Trust is having another crack at Lindström two years after its initial effort failed, and Eagle Star is coming back for Sunley nearly six years after its first bid overtures.

In the foreign exchange market, a very sharp reaction in sterling on Tuesday was not sustained later in the week—but this reminder that the pound can go down as well as up brought some relief to the sectors which have suffered most from its strength. Insurance brokers dominate the list of top performing shares over the week, while others to do relatively well include Acrow, BAT and Unilever.

The market as a whole continued to drift in slack trading conditions. The All-Share Index has traded between around 240 and 250 since mid-June, and is now at the bottom of that range. Gilt-edged securities have recovered from Tuesday's upset and, by the end of the week were showing small gains.

Crude cutbacks

BP had a rude shock this week when the Nigerian Government announced the nationalisation of the group's interests in Nigeria. The take-over of the small local oil product distribution business was not serious, but the grab of its stake in the

crude oil production interests jointly owned with Royal Dutch/Shell was another matter. Not only did BP lose an invaluable supply of around 12m tons of crude at an annual rate.

Traditionally a company long of crude, so that it has run a very large business in sales of crude oil to third party customers around the world, BP is now in danger of becoming crude short. Before the Iranian crisis the group disposed of around 80m tons a year of crude on top of the 100m tons or so needed in its own integrated operations.

By July availability of crude had fallen to the extent that BP

LONDON ONLOOKER

was only supplying 22 per cent of contracted volumes to third parties. Now further cutbacks are inevitable, but these could be difficult bearing in mind that BP is now down in a hard core of third party business which included a substantial volume of North Sea oil supplied to the British Petroleum Corporation under participation arrangements.

There is a possibility that BP will be forced to buy crude at very high prices on the spot market. A move that might damage

profits significantly. But the BP share price has at least in the latter part of the week after a 35p markdown on Wednesday which left it about a tenth of its peak earlier this year.

The reasoning is that BP is making such big profits out of the North Sea and elsewhere that it can absorb the Nigerian damage—the Nigerian earnings are likely to have been running at much less than a tenth of the total, and anyway have been regarded as of very low quality by investors.

Eagle swoops

News that Eagle Star is renewing its bid talks with Bernard Sunley nearly six years after its first round of talks sent Sunley's shares winging up on the stock market this week. They are now well over 450p, which is a far cry from last year's low point of 170p. It is not just the bid approach that has transformed the share price. There has also been a big rise in London property values—gains of a third and more have been reported for blue chip portfolios like Sunley's—and the company itself has taken some important steps to put its own house in order.

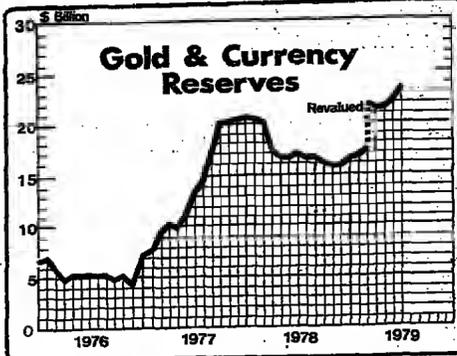
A big office block in Brussels has been sold, bringing substantial interest savings. The troublesome housing business has been largely farmed out to Waters, under a management contract. And the sale of the

biggest skeleton in the cupboard, the Isola 2000 ski resort in the South of France, was finally completed this week. The day after the deal was signed, Eagle Star made its move.

The chances are that the two sides will reach a friendly agreement. There have long been close links between them—Eagle Star has owned a third of Sunley's shares since 1961—and if it had not been for the collapse in property values in 1977 they would have merged years ago. However, the talks are going to be complicated, and are bound to take time.

As part of the deal, the Sunley family are buying out the company's construction business. To do this, substantial inter-company debts will have to be unravelled, and there will also be a number of properties in the construction business that will probably be transferred to the main business. Up to date valuations will have to be made of all Sunley's assets. Terms are unlikely to be finalised until October at the earliest.

What is the right price for the Sunley in the meantime? On the basis of valuations made in March 1978, its net worth after allowing for losses on the French disposal is 352p per share. Some analysts say that at today's property values the figure is roughly 500p per share. They may well be right, but the shares should stand at



a discount to this figure to allow for the time delay and the risks of the negotiating talks. They are probably high enough.

Tin soldiers

The £42m bid for Berwick Timpo, the toy company, by a group of shareholders led by Mr. Torquill Norman, the former chief executive, has all the ingredients for a city dogfight. Behind it is a bid by Mr. Norman, who resigned in May for undisclosed reasons, to oust Mr. John Oakley, the present chairman, and return to the board.

The bid was triggered after Centaro Investments, Mr. Norman's investment vehicle, and others lifted their combined stake above 30 per cent, the point at which an obligatory takeover must be launched.

But the bid, it appears, is not a serious one. Mr. Norman agrees with Mr. Oakley that the 75p per share cash offer is "derisory" but says it has been made to requisition an extraordinary meeting at which shareholders will be asked to replace the board. Mr. Norman has been associated with Berwick since 1964 and his supporters feel his patronage should continue.

Broking cover

Shares of Brentnall Beard (Holdings), the insurance broker with Lloyd's of London interests, fell 4p to 16p on Thursday following the announcement that an important non-Lloyd's broking subsidiary had been sold to Hogg Robinson Group in a deal worth a maximum of £1.6m.

The stockmarket was unimpressed because it felt that Hogg Robinson, a major publicly quoted insurance broker, had pulled off a rather good deal—at the expense of Brentnall.

Hogg is acquiring the UK operations of Brentnall covering general insurance broking and life and pensions business. The brokerage of the operations for the financial year to September 30, 1978 amounted to £1.16m.

These operations have been uninvolved in the events leading up to £10.6m of the Sasse syndicate's losses. The troubled subsidiary involved in that syndicate, Brentnall Beard International, remains with Brentnall. But for the moment the cash improves the liquid position of the group a little, and gives it breathing space.

Hanging on

Sterling's setback during the week will have awoken faint hopes that Hoover's underlying second quarter improvement will accelerate. Powerful Italian competition has been enhanced by the pound's recent invincibility but Hoover is being gamely on to market share and has maintained 30 per cent of the washing machine market.

If currency problems were not enough, profits have also been affected by higher than budgeted redundancy costs of £1.6m in the first half and industrial disputes which probably clipped profits by a further £1.5m.

The second quarter loss was stated at £362,000 which compares with a £619,000 deficit in the preceding three months. At the trading level, however, the improvement between the first and second quarters works out at around 50 per cent to £1.3m. If the effects of redundancies and exchange losses are excluded.

Hopes in the second half are pinned on a dealer restocking phase after the Budget boom and the chances that the income tax cut in October will prompt another consumer spending spree.

Corsets and girdles

NEW YORK JOHN WYLES

CORSETS, one is advised, are the prerogative of middle aged ladies anxious to contain a superfluity of fatty tissue in the interest of presenting a more glamorous profile to the world. In recent years, of course, the corset has crept into financial vocabulary, thus the Bank of England administers a "corset" which effectively prevents British bank lending from spilling over into unacceptable proportions.

To the best of knowledge the Federal Reserve Board has nothing to do with girdles (corsets in America) but the U.S. stock market does.

Since early May, the market has, in fact been wearing a corset. It cannot be seen, but its dimensions can be clearly delineated. It is designed, apparently to prevent the Dow Jones Industrial Average rising much above the 850 level. Whenever prices start to test the elasticity of this corset, they trigger sufficient volume of selling orders to restore the integrity of this form of passive restraint.

The market has been living fairly comfortably within its confines since early May, but in the past few days has started to breathe heavily as it pushed against the outer limits. Wednesday's modest slipover was followed by Thursday's correction as though investors were startled by their own indulgence.

Why is the market apparently chafing and feeling uncomfortable with a size 850. In broad terms the answer appears to be that it believes the bad news about unsettling changes in the administration, economic decline, inflation, the dollar and sundry other disparate developments is behind it. Take, for

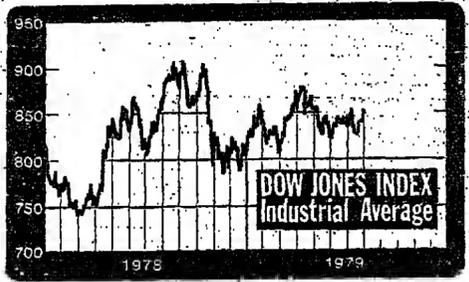
example, its reaction on Thursday to a leaked report of an internal administration study which predicts that the recession will be deeper than officially predicted just a month ago, and the recovery next year much slower.

The fact that the Dow lost a couple of points is deceptive. Gainers held a three to two edge over losers all day in a rather quiescent market. The market chose to differ from the Administration's allegedly gloomy view presented in the columns of the New York Times. "The Government's track record is so lousy that nobody is paying attention to this morning's news," said one analyst. Trading volume of more than 37m shares and 537 trades of blocks of 10,000 shares or more does appear to indicate a certain insouciance.

But also a forgetfulness that when the administration gets the economic outlook wrong, as it did it does very often, it errs on the side of optimism about deflation and economic growth. So if the administration's internal documents are sounding alarm bells and trying to warn the powers that be that the economic future looks worse than they have been told to expect, past experience dictates that it may be much worse.

For the moment, the market is planning its colours to a forecast of a mild recession which though it may bring a peak in corporate profits, will not be long lasting, not especially dazzling. Investors are never positioning themselves for a slowdown by moving away from consumer oriented, recession sensitive stocks into capital goods industries, banking, and oils and oil services.

CLOSING INDICES		Close	Change
Tuesday	838.74	-1.22	
Wednesday	850.34	+1.62	
Thursday	847.95	-2.39	
Friday	846.16	-1.79	



MARKET HIGHLIGHTS OF THE WEEK

	Price	Change on	1979	1979	
	Ytd	Week	High	Low	
Ind. Ord. Index	457.5	-0.7	558.6	446.1	Lack of incentive
Gold Mines Index	146.7	-12.1	208.4	129.9	Sharp fall in bullion price
BP	1,175	-35	1,295	882	Nigerian oil assets nationalised
Berwick Timpo	79	+9	80	63	Charterhouse Japhet bid at 75p
Bestobell	220	+8	220	128	Increased bid from BTR
Bridy Industries A	51	+11	66	39	Strong profits recovery
Cableform	64	-10	75	61	Fall in annual profits
Govett European	64	+12	64	52	Mooted unitisation plans
Grindlays	91	-19	152	91	Disappointing interim results
Hillards	350	+22	350	206	Annual results please
Lex Service	93	+4	119	72	Sharply increased profits
Lindström	139	+9	153	115	Hanson Trust bid at 135p
MK Electric	225	-25	280	200	Profits warning
Oil Exploration	360	+22	368	210	Bid hopes
Pacific Copper	96	+14	120	58	Speculative buying
RTZ	272	+17	362	226	Shortage of stock
Reed International	165	+8	199	149	Good 1st-4 figures
Silvermines	58	+8	61	36	Renounced oil find
Stylo Shoes	196	+24	196	66	Asset value considerations
Wearwell	39	+9	40	25	Good annual figures

U.K. INDICES

Average	Aug.	July	July
week to	3	27	20
FINANCIAL TIMES			
Govt. Secs.	72.55	73.47	73.18
Fixed Interest	73.65	75.05	74.46
Indust. Ord.	455.0	463.6	474.8
Gold Mines	150.6	160.2	164.9
Do. (Ex 5 pm)	138.6	148.6	152.8
Td. bargains	15,101	16,004	16,053

FT ACTUARIES

Capital Gds.	234.43	240.08	242.16
Consumer			
(Durable)	222.38	226.25	227.39
Cons. (Non-Durable)	229.37	231.07	233.50
Inds. Group	228.02	231.25	234.05
500-Share	261.24	264.81	268.41
Financial Gp.	181.75	185.80	191.74
All-Share	238.52	241.71	245.82
Red. Debs.	58.18	58.80	57.83

A time to wonder—where do we go from here?

THESE are the dog-days, a period associated with heat and lethargy when most of us wish we could have taken the advice of the old Stock Exchange adage, "Sell in May and go away." Certainly, many mining shareholders must be feeling this way as they grapple with the problem of anticipating the outlook for the rest of this year for metals, both base and precious.

The price of gold has reacted this week, as the market was saying it would, but there has been no real weakness. The feeling is that there could be a further decline but this should

have gained 15.7 per cent. The London price of copper, in terms of relatively strong sterling, has increased by only 5.5 per cent.

We now have a conundrum in that the near-term outlook for the U.S. economy points to little improvement in demand for metals, thus tending to depress prices, whereas there appears to be little hope of any major improvement in the dollar to reduce the exchange gains. On balance, however, it looks as though the U.S. mines are in for a less prosperous second half.

Moving to South Africa we come to Anglo-American Coal Corporation and there is no doubt where this group's earnings are going. The answer is "up" and it has been given by the directors this week: "Earnings for the year as a whole should show an improvement at least equal to that experienced in the first half of the year."

Ironically, on the same day that the National Coal Board announced a year's loss of £19.4m, the Amcol directors were reporting a 24 per cent advance in half-year earnings to £32m (£16.9m) and an increase in the interim dividend to a 4.5 times covered 30 cents (11.5p) from 24 cents, the previous year's final was 48 cents.

The group is still only getting into its stride with a planned coal output for this year of 30m tonnes on the way to an eventual 100m tonnes or so. The bulk of production goes to the South African market, but the much more profitable export proportion should increase now that the handling capacity of the Richards Bay export terminal has been increased.

But not all is well with the overseas coal producers despite the big opportunities being presented to them in this energy-hungry world. The Australians, for example, still have to live with the country's coal export levy which, much to their annoyance, has been extended beyond the earlier-promised cut-off date of June 30 last.

This import was a factor in the slump in half-year earnings reported this week by the giant Cluiba Development. They have dropped to A\$467,000 (£243,500) from A\$12m a year ago, more severe adverse factors being a seven-week dock strike and demurrage charges on delayed shipments. Furthermore, the port congestion continues and it is unlikely that the lost sales tonnage will be made up this year.

This news has been a bitter pill for British Petroleum which purchased Cluiba in two steps (early in 1977 and in mid-1978) from the Daniel K. Ludwig group for some £215m.

It has been all the more bitter for coming on top of the BP oil interests there—a move, incidentally which is hardly likely to improve the already slim chances of developing countries attracting overseas mining capital.

Also in Australia, the Rio Tinto-Zinc group's big Hamby iron ore complex has done very well in the 1978 first half, despite the strike which closed down operations on May 24. Thanks to a good increase in production before the strike began coupled with slightly higher iron ore prices (in U.S. dollars) first half net earnings have risen to A\$15.1m from A\$11m.

Yesterday, the Hambleton men voted to return to work if all goes well and this is by no means certain in Australian labour relations, particularly at the iron ore fields—Hambleton has a fighting chance of making higher profits for the full year.

The parent RTZ is almost certainly set for a bumper year, though there will be a loss on the exchange rate when the big profits earned overseas are translated into sterling. This should still leave scope for a useful increase in the dividend and the shares are again looking attractive after their recent decline.

Extra spice for RTZ is provided by the intriguing Ashford diamond exploration venture in Western Australia, which is led by Conine Rimlino of Australia with a 56.8 per cent stake. This week we have had the first results of an expert evaluation of samples of diamonds collected from two of the "pipes" (concrete-lined deposits of diamond-bearing material).

Carried out by Dr. Peter General Selling Organisation and other experts, the examination has shown that despite their small average size of under one-fifth of a carat (there are 142 carats in the ounce), as much as 60 per cent of the stones came into the valuable gem category.

In money terms their value was relatively low, as one would expect with such small sizes, but it was still acceptable. This may be the most encouraging news yet from Ashford and leads me to update my opinion of the prospect. But I remain cautious and must stress that much, much more work has to be done before it can be assumed that there is a mine there.

Russia looks for grain

THE NEWS that the Soviet Union had been given permission to import 10m tonnes more of U.S. wheat in September, 1980, had as much impact on world grain market prices in Chicago as a slap with a wet lettuce. Never had the old market adage of "buy on rumours, and sell on facts" been proved more true.

The reason for the lack of market reaction was that the announcement came as no surprise at all. Chicago prices have long since moved up in anticipation of the Russians having to buy considerable extra quantities of grain.

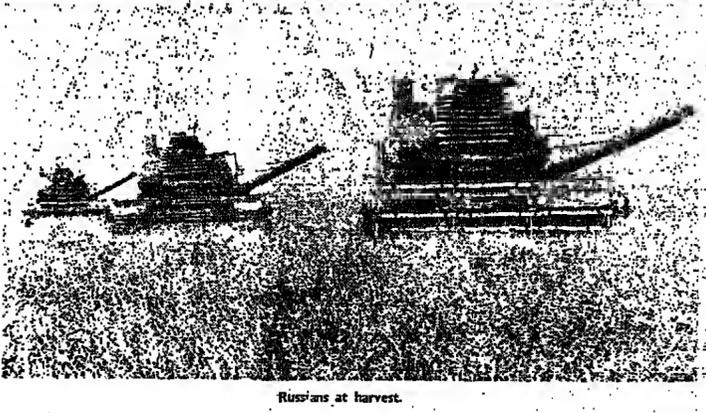
It became obvious some months ago that because of bad weather the Soviet Union was going to have a bad crop this year, especially wheat compared with its record grain harvest of 37m tonnes last year.

The U.S. Department of Agriculture, which has a good record of predicting Soviet harvests reportedly aided by the use of sophisticated satellite "spy" techniques, three weeks ago estimated the Soviet crop at a lowly 85m tonnes. Simple arithmetic made it plain that a steep rise in imports would be required unless there was to be a drastic cut-back in the Soviet livestock herds and, thereby, the country's standard of living.

The rise in livestock numbers to fulfil the growing demand for meat in the Soviet Union means that the Russians are faced with an increase in grain consumption from that which they simply cannot meet from domestic production.

Although there is plenty of grain available in the U.S. for the amount that the Soviet Union can import is limited by the quantity that can be physically handled and, of course, the enormous cost involved in buying large quantities of grain.

It is estimated that the maximum amount that can be handled by the Soviet ports is 30m tonnes a year—and this may be somewhat optimistic. Although the Russians revealed yesterday they had concluded a large wheat deal with China, the bulk of purchases must come from the U.S. by far the world's biggest grain exporter, especially of maize.



Russians at harvest.

loaded with their cargoes at the moment. There are similar delays, if not worse, in Australia where the ports and transport system has been crippled by a series of industrial disputes.

Although the market reaction to the Soviet grain import news was subdued, this was only because it had already been discounted. Russia's need to import

GRAIN JOHN EDWARDS

grain on this scale is, of course, vitally important to the U.S. For a start the massive grain purchases by the Soviet Union, and China, have transformed the world grain picture, from heavy surpluses to reasonable supply/demand balance. The main beneficiary is the U.S., which as the world's major grain exporter, was faced with a build-up of huge costly surpluses. The rise in grain prices that has already taken place is a very welcome shot in the arm for U.S. farmers, the ancillary industries attached to agriculture and the Administration which has a commitment to support farmers that could have been extremely expensive. Considerable amount more from its important agricultural exports, one of the mainstays of the economy.

It is often pointed out that the real depression in the U.S. during the 1930s was a result of both industry and agriculture

being hit. There is much less danger to the U.S. economy while farming remains reasonably prosperous.

The fact that the Administration has decided next year to scrap the "set aside" programme for wheat, used to restrain production by encouraging reduced plantings, suggests that it is confident U.S. farmers will be able to maintain grain exports at a high level. This confidence is mainly based on the belief that the Soviet Union, and possibly China, will be big regular buyers of grain in future years. It assumes that any cutback in the Soviet livestock population will be restricted to as little as possible, to indicate a human population requiring improved standards of living.

A rise in U.S. grain prices affects the rest of the world, even the highly protected EEC for which freight costs of around \$30 have to be added.

The question is how the Russians and the other Communist bloc countries which are likely to require extra grain imports this year, are to find the money to pay. In the commodity markets, the Soviet Union has been a big buyer of lead (pushing prices up to record levels) and other non-ferrous metals. It has cut back

exports of platinum and nickel, although sales are now believed to be resuming on a bigger scale again. If the bad weather that affected the grain harvest also hit other agricultural crops, Russia may have to buy sugar and cut back exports of cotton.

So the main two sources of revenue left are diamonds and gold. The Russian earnings from diamonds are shrouded in secrecy. But there was a boom market for diamonds, which has cooled off this year.

The Soviet Union must also have benefited considerably from the surge in the gold price to over \$300 an ounce. Its sales last year were reported to be at the highest level for 15 years. The apparently insatiable demand for gold this year from investors worried by the decline in the dollar, should have enabled sales to be stepped up still further. But there is a limit to how much the Russians can sell, even if they have the supplies, without undermining the market and bringing a sharp decline in prices.

There does not, however, appear to be any prospect that the Soviet Union can do much to reduce its need for grain. The great efforts to boost agricultural production have, so far, mainly ended in humiliating failure to match the growth in domestic demand.

If this pattern continues, as seems likely, the Soviet Union is likely to become more and more dependent on the U.S. for grain supplies, with considerable economic and political repercussions.

MINING KENNETH MARSTON

be followed by a resumption of the upward trend because the factors which have led to the present rise remain intact.

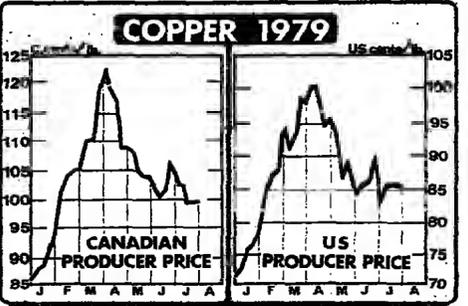
Meanwhile, buyers have stayed out of the gold share market, waiting to move in again after the current period of uncertainty. When they do, we could see a sharp advance in share prices which are not overvalued at current levels. Significantly, perhaps, there has been no heavy selling of shares despite the market's rather disappointing performance in recent times.

The outlook for base-metals after their earlier recovery this year is probably more obscure. We are still living in a phase of euphoria as far as company results for the first half of the year are concerned. The transatlantic companies, in particular, continue to report dramatic increases in earnings from the depressed levels of a year ago.

Rio Tinto-Zinc's Canadian Lornex, for example, has made a net C\$15.8m (£5.9m) in the 1978 first half from its copper-molybdenum operations compared with only C\$2.2m in the same period of last year. America's Freeport Minerals has reported earnings for the same periods of \$47.6m (£21m) and \$14.1m respectively.

A point that needs to be borne in mind about these transatlantic companies is that their revenue from metal sales has been given an extra fillip by the weakness of the U.S. and Canadian dollars. In other words, because the value of their money has fallen they have received more of it for their metal.

This is shown in the accompanying graphs. Taking the price of copper at the beginning of this year and that now ruling, they show that the U.S. producer quotation has risen by a net 20 per cent and the Canadian price



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هكذامن النحل

FINANCE AND THE FAMILY

Advancement for Education

BY OUR LEGAL STAFF

Some years ago I formed a trust for my grandchildren to provide for their further education at university or otherwise. Some of the cash which has accumulated from interest received is now required for this purpose. But I am now informed by the trustee that the only payments permitted are those which have been received as interest within each fiscal year, and the residue, which is considerable, cannot be paid out to the beneficiaries until they have attained the age of 21, at which time they also become entitled to the capital also. Is this correct?

Unless the trust is drawn in a most unusual form, what you have been informed is not correct. For there should be power under Section 22 of the Trustee Act, 1925, or an equivalent express provision, to make advancements for the education of the beneficiaries within the term "advancement or benefit."

House in joint names

I am considering putting a house I have recently bought into joint names, the other party not being my wife. The house has a large mortgage.

(a) Would I be able to continue

to claim tax allowance on the mortgage?

(b) If I accept money for the other party's share, ought there to be a realistic valuation, or if not could it be considered a gift and subject to Capital Gains Tax?

(c) Yes, as far as we can tell from the bare facts given. You should ask your tax inspector for a copy of the free booklet R11 (Tax treatment of interest paid).

(d) Yes, the grant of a half-interest in the house (whether as joint tenant or as tenant in common) will constitute a gift for CGT purposes. If the house has already been conveyed to you, there will be stamp duty on the reconveyance, of course. We suggest you consult the solicitor who acted for you in the purchase of the house.

Picture for sale at auction

If I sell a picture collection at auction am I liable to any tax?

If the price of a picture or set exceeds £2,000 (before deduction of the auctioneer's commission etc.), you will be liable for capital gains tax. It will be worth your while to spend £2.97 (at current postal rates) on a copy of the Capital Gains Tax Act 1979 from HMSO, PO Box 589, London, SE1 9NH: the price at bookshops is £2.75 (ISBN 0 10 541479 4).

Cottage transfer to children

On June 2 (under "Cottage transfer to children") you referred to a liability in capital gains tax in such cases. Having set up a declaration of trust for sale, is it then possible for the parents to sell the property and reinvest in another? In the event that the second property is purchased for less than the amount of money already transferred to the children,

would the excess have to be passed to them as cash? The trust will not constitute "settled property" as the beneficiaries will be absolutely entitled as against the trustees. Hence there will not be a disposal on the creation of the trust, but there will be disposals of part on the occasion of each assignment or transfer. A sale and re-purchase of the whole subject matter will be a disposal of the whole.

Determination of Residence

I work and have property abroad, and pay UK tax on a pension. I have some funds in Britain and on retirement wish to transfer this money to East Africa, Canada or Belize. How would the provisions for capital transfer apply to me? If a person takes emigration treatment and outgrates

An additional pension

As the unions involved in the company for which I work will not discuss additional voluntary contributions for retirement pensions, I am inquiring as to

what can be done by an individual through an insurance broker or company. Could you confirm that this can be done and let me know of any organisation that would accept this and enable me to claim tax relief on contributions paid?

Although you may have read about insurance brokers and insurance companies being involved in the provision of additional voluntary contributions they do so as a service to members of company pension schemes and their employers. To qualify for the tax treatment of pension contributions any additional voluntary contribution scheme must be approved by the employer even though the employer may be in a completely neutral position, that is his sole function is to deduct contributions and to pass them to the insurance company which will invest them in a special tax free fund on your behalf.

Most employers are willing to offer this facility although many use a separate self-administered fund as opposed to an insurance scheme if they consider that this will give the employee better value. Their only concern is normally that of wanting to be sure that a reasonable number of employees will actually pay voluntary contributions otherwise they regard the administrative costs of setting up this facility as outweighing the potential benefit to employees.

Wall rebuilding

With reference to our reply under Insurance and a wall (21 July) we have been advised by The Commercial Union Assurance as follows:

"The reply referring to the rebuilding cost of the buildings has been taken to apply to the cost of the claim. In fact it applies to the full rebuilding cost of the whole structure at the time of the claim."

Enclosed was a policy from the relevant part of which reads: "excluding the first £250 or, if greater, an amount equal to 3 per cent of the full rebuilding costs of the Buildings at the time of repair or reinstatement. This exclusion applies separately to each and every loss or damage."

The address of the Company Pensions Information Centre should be 7 Old Park Lane, London W1, not 700 Park Lane, as was stated here on July 28.

Returning to England

My husband and I, who are now living in Malta, are proposing to return to England, where at present we have external accounts, to live. In the meantime I have let my son have a sum of money to buy a building in use as a school, in return for which he says he will pay me £1,600 a year. Ought we to have a formal agreement? Should a company be formed? Should we put this £1,600 into a Swiss account?

It is likely to be to your son's advantage, as well as to your own, that the terms of the loan be set down in writing. You need professional guidance through the pitfalls of capital transfer tax (since presumably

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

The question of owners and keepers

INSURANCE

JOHN PHILIP

AT THE beginning of the week a lot of legal dust was stirred by the reports that a Mr. Barry Pamplin of Leyland, Lancashire had hit upon the device of having his car registered in the name of his six-year-old son, thereby avoiding the many parking tickets that came his way. This is because the law seemingly fixes the keeper with responsibility, and a child under 10 years of age can have no such criminal responsibility. Later in the week doubt was being cast on the existence of this legal loophole and motorists thinking of following in Mr. Pamplin's footsteps were advised to wait until the position became clearer.

In one of the reports Mr. Pamplin was recorded as saying that he had told his motor insurers of the registration and they had confirmed it would make no difference to his motor insurance—at first sight perhaps a surprisingly complacent view of the situation.

But it seems that quite a lot of motor insurance is provided, when insurers are well aware that the owner is not the registered keeper. Commonest is the arrangement by firm or company which buys, repairs and replaces its private cars and insures these cars as a fleet but nevertheless has each of the cars registered in the name of the employee who regularly drives the car.

When you buy a new car you get, within a few weeks, a Vehicle Registration Document. This declares that the person named at the top of the form is the Registered Keeper, but goes on to warn that the Registered Keeper is not necessarily the legal owner, so clearly the licencing authorities, if no one else, contemplates that keeper and owner can be two different people.

When we turn to motor insurance law we find that the duty to insure is not placed on either of these two people, owner or keeper. The duty is placed on the user. Section 143 (1) of the 1973 Road Traffic Act states that "it shall not be lawful for a person to use or to cause or permit any other person to use a motor vehicle on the road without insurance. It is clearly possible for the user to be someone other than the owner or the keeper.

Insurers have to operate with the law as they find it, however inconvenient this sometimes

Everything must turn on the extent of the child's insurable interest and his or her capacity to contract. Certainly the near adult teenager, with a motorcycle at 16 or a car at 17, can and should buy motor insurance in his own name rather than shelter under the parental wing, and begin to build up his own insurance record. Certainly such a teenager is counted by most motor insurers to be an acceptable proposition albeit in the early years on very stringent terms.

If the 16-year-old can buy his own motor insurance, clearly he ought to be able to buy other personal insurances, against loss of or damage to his own property, against dismemberment, and so on. But if the 16-year-old can, what of his younger brother? How far back down the age line is it scussible to go? In practice of course the answer is simple, for the question rarely arises and the problem is largely an artificial one thrown up primarily by the searchers after legal loopholes.

How to complain

BY AND large the UK insurance industry provides a good service to consumers. The criticisms levelled against it arise very much from the small minority of cases where things have gone wrong.

But consumers have the basic right if they consider that they are not receiving a fair deal to complain of their treatment. In the first place they should go direct to their insurance company. But failing that, the professional trade associations for the industry operate a consumer complaints service on a completely unbiased basis.

In any complaint you should give the name of the company, brief details arising from the complaint and the branch through which you are dealing. But nothing can be done unless the policy number and the claim number is quoted. For non-life insurance contact the Consumer Information Department, British Insurance Association, Alderman House, Queen Street, London, EC4, and for life contracts contact the Secretary, Life Offices Association at the same address.

Husband and wife partnership

In 1961 I bought a business, paying £7,000 for goodwill and lease, and in 1968 bought the freehold for £7,900. On October 1, 1979, I made my wife a partner in the business in which she had been working as an employee. In June last year, on reaching age 65 and my wife 60, we sold the business, which realised £45,000 (goodwill £23,500, freehold property £20,000 and fixtures, £1,500). Now an assessment on my wife of 36 per cent on a £10,516 capital gain on the sale has been received. Do you consider an appeal could be worthwhile?

Presumably, the premises were held in your name only, and the contract for the sale of the freehold interest was signed by you, sole beneficial owner. (Whereas the contract for the sale of the goodwill, if it was signed on behalf of

the partnership). That being so, there may be some scope for gaining concessional treatment of the gain on the freehold, despite the fact that it was not a partnership asset. Your accountant will know of the Revenue practice in this situation. The goodwill must be a partnership asset and we can see no grounds for denying that your wife acquired an interest in the goodwill when the partnership was formed: the usual CGT rules for husband-wife transfers will operate (both on October 1, 1975, and in June 1978).

If you are interested in the complexities of partnership taxation, you might like to buy or borrow a copy of Mr. Edward E. Ray's "Partnership Taxation" (2nd edition, 1978, published by HFI at £10, ISBN 0 372 30015 5). Chapter 17 and paragraph 1.5 of chapter 1 should help you to find your way through the maze

of the local currency well in advance. The holidaymaker may miss out on the benefits of a massive sterling purchase by an Arab state on the exchange markets, but at least he knows precisely how much he has to spend and can sleep soundly in his hotel bed.

Taking cash can be risky, so at least half the spending money should probably be in the form of travellers cheques. Banks and the major travel agents, Thomas Cook and American Express, issue cheques denominated in most leading currencies but their operations seem geared more to the business customer than the tourist who may find it difficult to obtain pesetas or drachmas cheques, for example. Thomas

Problems of currency affairs — or how to deal with wobbles

ON TUESDAY of last week the pound fell 8.5 cents against the dollar. For the British holiday maker cashing £200 of sterling the following day the bargains of the foreign exchange market had cost the equivalent of ham hangers for two in Manhattan, a bus trip to Disneyland, or a holidaymaker's accustomed to seeing rate changes posted daily on boards outside local banks and this year, at least, the British tourist has had something to smile about. None the less, the gyrations of sterling have been so extreme recently that it pays to give some thought to protecting the holiday savings.

The safest way is to buy travellers cheques or cash in

the local currency well in advance. The holidaymaker may miss out on the benefits of a massive sterling purchase by an Arab state on the exchange markets, but at least he knows precisely how much he has to spend and can sleep soundly in his hotel bed.

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seems still to be playing its travel agents to the Empire role and will gladly provide cheques in Indian rupees, but not in German marks.

For the visitor to Spain or Greece a solution is to take cheques issued by a local bank. These can generally be bought through British banks but the hitch is that they may not be easily negotiable at competing

tourist to pay for a taxi at the airport) while the cheques can be easily purchased and negotiated.

Finally, hints to bear in mind. Take the advice of your local bank or travel agent and make arrangements well in advance. Compare rates at local banks. At times of exchange rate volatility there may be some variation. Look into local regulations. Spain, for example, allows visitors to bring in a maximum of Pta 50,000 in cash and to take out only Pta 3,000. Treat travellers' cheques as cash in the U.S. They can be negotiated in restaurants and hotels without difficulty, but banks are not keen on accepting them.

MONEY

JOHN MAXINSON

banks in the country concerned. Moreover, obtaining a refund for lost cheques can be a lengthy process.

A slightly more sophisticated approach to the problem is recommended by Mr. Trevor Thorn, money manager at Thomas Cook. He advises travellers in most areas to take a mix of sterling travellers' cheques and local currency. In this way, the currency element reduces the overall exchange risk (and allows the arriving

YOUR WEEKEND

	POUND
Austria	30.00
Belgium	68.25
France	9.52
Italy	18.25
Greece	80.0
Spain	147.50
Switzerland	3.72
U.S.	2.2625

Source: Thomas Cook

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17

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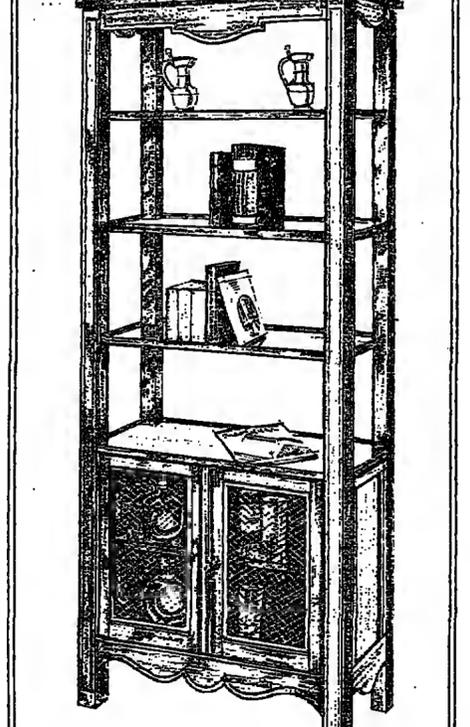
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YOUR SAVINGS AND INVESTMENTS

A top level review of savers' incentives could have far reaching implications. Eric Short reports

Tax relief on a Treasury tightrope

TAX RELIEF on life insurance premiums could disappear as a result of the Government's rethink of the present system of tax allowances. Details of a review of the whole tax allowance structure, with life insurance tax relief being given particular attention, were reported in the Financial Times this week as Parliament rose for the summer recess.

The implications for the life insurance industry, should relief come to an end, are far reaching. Tax relief gives life insurance such a competitive edge over other forms of saving that little else is needed to persuade people to buy contracts. Life insurance tax relief, originally granted in 1799 by William Pitt the Younger, has been available without a break since 1883. Without it intermediaries would have to revise completely their selling techniques in the face of keen competition from other forms of saving.

It should be pointed out that if the Government makes substantial tax cuts and intends to make more—the ultimate aim being to get the basic rate down from 30 to 25 per cent—then it is only logical to reduce tax allowances at the same time and to widen the tax base. Although such a proposal should not come as too much of a surprise, the life insurance industry is not yet making much of a fuss. The Government, naturally, is giving no details at present. But the case for abolishing life insurance tax relief is put concisely by Mr. Frank Field, formerly the director of the Child Poverty Action Group and now Labour Member of Parlia-

ment for Birkenhead. He has for long been a staunch advocate of reforming the whole tax allowance system. Mr. Field's concern is over the loss of revenue brought about by the system and extent of tax allowances. The latest figures produced by the Labour Government, showed that £260m a year was lost through life insurance tax relief, though a more realistic figure would probably be £300m. His case which was put very eloquently this week, rests on three main points:—

● The present system of allowances distorts the tax system. Not only is it illogical, it is also unfair in the way it operates. The higher paid get proportionately more benefit than those lower down the scale. ● Tax reliefs for life insurance tend to distort the operation of the capital market. Mr. Field contends that life companies do not have a good record of supporting entrepreneurs. Savings channelled through the big financial institutions support the bigger companies, whereas savers direct from individuals would mean more capital for the risk takers.

● The present system distorts the whole debate on tax reform in the UK. Reform can only be of value if the complex tax allowance structure is considerably simplified.

Frank Field emphasises that he is not carrying out a vendetta against the life insurance industry in particular. His aim is to change the whole structure and his remarks apply with equal force to mortgage interest relief. He would be surprised if the removal of relief resulted in any significant fall in life business. He thinks that the savings habits of the British people are deeply ingrained, and that anyway after the tax cuts they would have more money from which to save.

His arguments are not the official policy of the Labour Party. But his views do find an echo elsewhere—it is interesting to note that many Tory backbenchers are also unhappy with what they consider to be the passive role of institutions when it comes to investing in small companies as opposed to larger ones. Mr. Leonard Hall, the current chairman of the Life Offices



Leonard Hall



Frank Field

Association and general manager of Clerical, Medical and General Life Assurance Society, not surprisingly, holds diametrically opposed views. The first point he makes is that tax relief, which since April has been a tax credit, goes to benefit policyholders and not the shareholders of proprietary life companies. The industry is, therefore, not being supported directly by the Government.

Moreover, the arguments which applied when relief was first given—to encourage thrift and self-reliance—are in Mr. Hall's opinion equally valid today. "A man who looks after himself reduces demands on the State social security system," he says, using what will undoubtedly be one of the main LOA arguments in favour of continuing tax relief.

As a first step the LOA will be taking informal soundings of the Government. Mr. Hall, however, makes it plain that the LOA will strongly oppose any moves to tinker with the system of tax relief, let alone remove it. The industry, he says, will not be a party to horse trading of any sort over the direction of investment; its prime responsibility is for the long term interests of its policyholders. Asked about the possible effects of the removal of tax relief on life assurance premiums, Mr. Hall referred to the experience in Australia,

where this did happen in 1974. Not only has new life business declined in that country, but the number of surrenders has jumped alarmingly. This, in Mr. Hall's opinion is the precedent to be taken into account in any consideration of the removal of tax relief.

The LOA cannot discuss modifications to the system since, as yet, no specific proposals have been put forward. Policyholders, however, should remember that relief is most unlikely to disappear overnight, as happened in Australia. There would almost certainly be some transitional arrangements.

Mr. John McKirdy, chairman of the Life and pensions committee of the British Insurance Brokers Association and a director of Noble Lowndes, the insurance brokers, forecasts that people will save much less if tax relief is removed. The savings would be short term and extremely volatile. The benefits to the economy of regular and stable long term savings through life insurance therefore far outweigh the cost to the Government of continuing tax relief.

With the Treasury presumably working flat out to formulate a policy in time for next year's budget, it's now up to the Government to make the next move. Mr. Field, meanwhile, has laid down a question on the subject for the next session of Parliament.

Tide turns at Britannia

ITS almost like the old days. In the last fortnight, the Britannia unit trust group—known in wilder times as Slater Walker Securities—has announced the purchase of strategic stakes in two publicly quoted companies. It now owns more than 5 per cent of both West of England Trust, which owns the Tyndall group of unit trusts, and of Mercantile House, the money broker which has only just come to the market. In the last few months, it has also bought sizeable holdings in a number of other quoted companies, although it has not gone past the 5 per cent mark at which it is obliged to disclose its investment publicly.

The key point, however, is that all these purchases have been made on the company's own account, rather than via any of its 23 unit trust funds. The company now has gross cash of more than £16m in its balance sheet, and it is beginning to take a more aggressive approach to life after its years in the wilderness.

According to Stuart Goldsmith, Britannia Arrow's investment director, the moves form part of a new board strategy to diversify and expand the group. To this end a new and separate investment portfolio is effectively being set up for the parent company, a move which he hopes will help identify suitable new businesses for the group. According to Goldsmith, any acquisitions would either supplement Britannia's current financial activities or mark a more radical departure from the group's existing interests.

The idea of harnessing Britannia's investment management expertise to the interests of the company's shareholders may be a good one, but will unit holders be affected? Mr. Goldsmith insists that they will not. Although he will personally be closely involved with implementing the new policy, his ten fund managers will still be at work attempting to increase the value of their funds.

TIM DICKSON

Plea for Ernie

THE GOVERNMENT was understandably needed by inofficial reports this week that Premium Bonds could be chopped as part of the public sector spending cuts. In fact Premium Bonds are one of the most effective of the State's fund-raising arrangements and they ought to be the last of the National Savings offerings to be axed.

The rumours were floated by trade union officials anxious to stymie Government proposals for staff cuts at the National Savings department. They seized on Ernie as the most eye-catching way to focus attention on the issue. The real measure of Ernie's success is that for every £100 of the £1.4bn invested in Premium Bonds, the prize rate works out at only £5.625 a year. There are, of course, administration costs on top—about 3,000 people are employed full-time on the Premium Bond side. This adds about £1.40 a year per £100 to the bill.

The total cost of Premium Bond money is, therefore, about 7 per cent.

By contrast the investment account at the National Savings Bank pays 12 per cent interest (sharply up to 18 per cent). Even after the investor has paid tax at basic rate, the net cost of investment account money works out at around 3.5 per cent with an extra 3.5 per cent for administration costs.

If cost-effectiveness is the major criterion for the Government in any National Savings cuts, the ordinary account at the National Savings Bank, administered by 4,000 civil servants in Glasgow, looks more vulnerable. The administration costs work out much higher at £2.58 per £100 invested. The case against any cuts on this side is that unemployment is already high in Glasgow—and in any case thanks to the low interest rate paid on ordinary account balances the total cost of money on this side is an acceptable 7.5 per cent.

TIM DICKSON

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Back with their noses in front

THE building societies doubtless breathed a collective sigh of relief last week as the movement's new interest rate structure (effective from August 1) once again made them competitive with other savings vehicles. The 8.75 per cent net return from an ordinary share account is currently about the best available for medium short-term deposits, with progressively better returns the longer you are prepared to leave your money.

Building societies, however, will still be looking over their shoulders at the National Savings movement which, as the table shows, is increasing its rate payable on its investment account to 12.5 per cent from September 1. This effectively matches the return from the building societies, although investment account holders have to wait seven days to retrieve

their money. It is also well worth bearing in mind that many of the smaller societies are more generous to depositors than their large cousins, who invariably follow the recommended structure.

Elsewhere it cannot be stressed too strongly that the National Savings retirement issue, colloquially known as "zranny" bonds, are a very good deal for pensioners (men over 65, women over 60). Official forecasts suggest inflation will be running at an annual rate of 17.5 per cent by November.

Since the reduction in all rates of income tax, the tax free National Savings offers no longer look so attractive, certainly for basic rate taxpayers. But the 8.45 per cent tax free available from the 18th issue of National Savings certificates (there you have a five year wait) —and the first £70 of tax

NET RETURNS TO SAVERS				
	nil	YOUR TAX RATE		
		30	40	60
BANKS				
Current account	7.2*	8.4	7.2	4.8
Six months deposit††	13.31*	9.32	7.99	5.32
One year deposit††	12.44*	8.71	7.46	4.98
BUILDING SOCIETIES				
Ordinary shares	8.75	8.75	7.5	5
Term—two years	10	10	8.57	5.71
three years	9.25	9.25	7.93	5.29
four years	9.75	9.75	8.36	5.57
five years	10.25	10.25	8.79	5.86
NATIONAL SAVINGS				
Investment account†	12.5	8.75	7.5	5
Ordinary account	5	3.5	3	2
18th issue Bond	8.45	6.65	5.7	3.8
Retirement issue	11.4†	11.4	11.4	11.4
LOCAL AUTHORITY BONDS				
Yearling	12.88	9.02	7.73	5.15
Two years	13.25	9.28	7.95	5.3

* Barclays rates. Deposit account at Midland, Lloyds and Nat. West pays 11.5 per cent. † From September 1. ‡ Current annual rate of inflation. †† Min. £10,000.

free interest from a National Savings ordinary account could still be useful for those in the higher brackets. With interest rates at their current level, short-term gifts

also offer some attractive returns: Treasury 12 per cent 1983, for example, gives a redemption yield of 12.65 per cent. TIM DICKSON

New tax arrangements for ex gratia and compensation payments were proposed last week. Michael Lafferty looks at the details

Golden handshake shake up

TAX RULES on "golden handshakes" seem likely to be changed following the publication last week of a consultative document from the Inland Revenue Golden Handshakes, or termination of employment payments. At the headlines last autumn when Mr. Eric Morley accepted £200,000 from Greater Metropolitan after a boardroom disagreement.

Tax accountants will certainly welcome any suggestion that reform is proposed in this area, since the present rules are extremely complicated. Some of those who receive payments in future, however, may not be so pleased because the proposals appear to leave them worse off.

Termination of employment payments fall into two categories — compensation payments and ex gratia payments. Broadly, compensation payments arise when a director, for example, has an unexpired service contract at the time of his departure. Any other termination payments—and particularly any amounts paid in excess of amounts due under compensation—are classified as ex gratia. The next task, in the case of each type of payment, is to determine the taxable element. In the case of compensation payments this will normally be the amount of the "golden handshake"—say £200,000—less a £10,000 threshold; for ex gratia

payments it is the amount of the handshake less the higher of £10,000 or something called the SCSB (Standard Capital Superannuation Payment).

The SCSB is worked out according to the formula: average director's salary over the past three years multiplied by his number of complete years of service divided by 20. It is, however, reduced by the amount of the director's pension which could be commuted, whether this is done or not.

The final step is to determine the tax rate applicable to the golden handshake. Here something called "top-slicing" comes in. The rule is to divide the taxable amount by the number of unexpired years of the service contract, or by six years for ex gratia payments. (The object is to avoid punitive high tax rates on the one-off payment.) The amount is then added to the individual's other income for the year to determine the tax rate. This is applied to the whole of the taxable amount of the golden handshake.

The Revenue reform proposals are as follows: ● The present distinction between compensation and ex gratia payments should be abolished. ● Top-slicing relief should also disappear, instead only half the excess of such payments over the £10,000 threshold should be taxed.

The obvious effect of the reform proposals would be that people receiving ex gratia pay-



Morley: £200,000 handshake

ments would be worse off than at present. This is explained, perhaps, by a referenced in the consultative paper which suggests that compensation payments are sometimes "dressed up" as ex gratia payments. This is disputed by one leading tax accountant, Mr. David Tallon, "in many cases the employee has very little right to compensation," he says. The Inland Revenue consultative paper is by no means the last word on the matter. It seems quite likely that the proposals will attract considerable comment from tax practitioners.

The best of both worlds?

COMPANY DIRECTORS up and down the country are fast taking notice of the idea of directly investing their own pension contributions. They are doing so by setting up self-administered pension schemes which effectively allow participants to decide for themselves where the pension fund's assets are to be invested. Most importantly, the Inland Revenue allows companies who adopt such schemes to reinvest part of the proceeds back in their businesses.

Life companies appear to have accepted this inexorable trend, but on the principle that "if you can't beat them, join them," many have been launching their own hybrid versions of the self-administered scheme. Last week, for instance, Scottish Equitable, with its Excessfund joined companies like Legal and General and Crown Life which already have schemes on the market. Others are currently in the pipeline.

The life offices claim they can offer the best of both worlds to small businesses planning a self-administered scheme. The client, they argue, is good at investing money efficiently in his own company, but he is far from good at investing in the wider market, an area which should be left to the professionals. This is a good rule of thumb to follow.

PENSIONS

ERIC SHORT

Under the rules of the Superannuation Fund Office of the Inland Revenue, which approves the tax exemption of all pension plans, loans to the parent company must be made on a commercial basis and the fund amounts involved must not exceed half the fund's assets. Life company hybrid schemes have therefore been arranged so that at least half the contributions are invested in an insured pension plan operated by the life company.

Many businesses setting up executive pension schemes are doing so for tax reasons and to get some of the cash outflow back into the company. They tend to forget that the majority of funds will have to be invested elsewhere. With a life company scheme, however, they can safely leave that to the life company. The life company also provides all the other services required for a self-administered scheme, including the actuarial services and the provision of the pensioner trustee. If the client still feels he can invest the money better himself, there are plenty of advisers who will help him run a full blown scheme.

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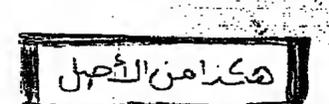
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PROPERTY

Buying in a mews

BY JUNE FIELD

MEWS — a row of stables with living accommodation built at the back of a town house, particularly in London. One really cannot better the dictionary definition, and the attraction of living in a mews has always been considerable.

De Vere Mews is a handsome early Victorian coaching mews between De Vere Gardens and Palace Gate, just off Kensington High Street. I first saw it in the rough back around 1974 when developers had grandiose schemes to redevelop the area. Then came the property debacle, and the project was abandoned until CPK Construction acquired the site in 1977.

Now, with building works planned for completion by early September, the residential section of the development, consisting of 17 apartments and maisonettes, plus five town houses, are part of an extremely pleasing scheme designed by Roger Carpenter and Associates; the interior has been totally gutted to produce purpose-built units within the existing shell and the horse ramp in the ground floor remains, as well as the original first floor balcony and balustrade, which gives De Vere Mews its "listed" status.

All the apartments, 1 and 2 bedroom, with the exception of one, are already sold or under offer at prices between £51,000 to £78,500 for 125-year leases. So are two of the houses. The one-bedroom 2nd and 3rd floor apartment still on offer at £56,000 has an unusual 21ft 6ins by 15ft 6ins studio room with a huge glazed north-light covered by a "motorized" blind, adjoining kitchen fitted with waste disposal unit, eye-level oven, fridge/freezer and washing-machine, plus a spiral staircase that goes up to the bedroom and bathroom.

The remaining three houses, numbers 41, 43 and 45, which are expected to go on the market in a fortnight's time at £140,000 each, have a large, well-fitted kitchen, only there is a dish-washer too; there are 4 bedrooms, 2 bathrooms, cloakroom and 3 living rooms, one with balcony.

Canning Place Mews, which are due to be re-developed in due course to provide a selection of 3-bedroom houses and 2-bedroom houses with garages. For details on what is still on offer at De Vere Mews, contact L. J. Olivier, managing director CPK Construction Ltd, 105 Fulham Road, London SW3, telephone 01-584 5517. (Mr. Olivier is a trifle sensitive over his first name—you will not need three guesses to know what it is when I tell you that one of the purchasers (not a relative) in the mews, is Tarquin Olivier, son of Lord Olivier).

Linden Mews, London W.2, in the Royal Borough of Kensington and Chelsea just north of Notting Hill Gate, is a cobble-hideway tucked away behind an elegant archway adjoining the grand houses, mostly in multi-occupation, of Linden Gardens.

It is not often that a whole mews comes up for sale, but all seven of these houses with flats on the first floor and garages underneath, built about 1874, are going to auction on a price guide £100-£150,000 through Jackson-Stops & Staff on Wednesday at Basil Street Hotel, Basil Street, S.W.3.

Interest has been so great (over 300 brochures have been sent out) that the time of the auction has had to be changed to 4.30 pm, in order to book a



1-7 Linden Mews, London, W.2, with vacant possession of Number 5, comes up for auction at 4.30 p.m. at the Basil Street Hotel, Basil Street, S.W.3 on Wednesday on a price guide of £100,000-£150,000. Details Michael Goodall, Jackson-Stops & Staff, 14 Curzon Street, London W.1.

larger room. "We hadn't realised that there would be such a tremendous response," says Michael Goodall, who will provide last-minute details from Jackson-Stops & Staff, 14

Curzon Street, London, W.1, telephone 01-499 6291. He feels that the most likely purchaser will probably be a property developer, who would convert the one vacant possession property, number 5, immediately, and hold on to the remainder, which are let on regulated or protected tenancies producing a gross income of about £4,600 per annum.

Awash in aphids

THESE PAST few weeks there has been a plague of aphids in some parts of the country. Most gardeners seem to be complaining of greenflies in enormous numbers but in my own garden blackflies have been the greatest problem. But may be "blackfly" is the wrong word to use nowadays for aphids since we have so many efficient aphicides with which to destroy them. Apart from the general nuisance of having to get out the spraying machine and embark on the messy and time-consuming task of preparing and applying spray, aphids are really no longer a serious problem.

I have even managed to avoid a good deal of spraying by having an oxydemeton-methyl aerosol at hand to give a quick puff at the first sign of trouble.

Aerosols are, of course, expensive for use on any large scale outdoors but if it is only a few shoots that have to be treated, of roses or dahlias may be, two of the first flowers to be attacked, I have come to the conclusion that they are actually an economical as well as a convenience. Usually insecticide bottles

carry instructions along the general lines "add a couple of gallons of water" and one either follows this precisely or at most cuts it down to a half measure to half gallon. Either way one will have far more insecticide than is required to deal with an attack in its earliest stages and the surplus will either be applied unnecessarily to plants that do not need it or will be thrown away. The aerosol offers no excuses for "waste and after years of doubt I find myself a convert.

Of course, once an attack has passed beyond that early stage spraying must be the answer. It is no use hanging about and hoping that the greenflies, blackflies or whatever will go away for even if they do they will leave a legacy of damage, and possibly of virus infection, behind them. Since there are now so many good aphicides choice of chemical is likely to be determined either by what is to hand or by one's attitude to chemicals in general. Those who feel strongly in favour of organics as being more natural will probably turn to dithris or pyrethrum. The former is effective if fresh but loses its

potency if kept for long. Pyrethrum tends to stupefy rather than kill and is better as a knock down ingredient in compound sprays than on its own. This does not apply to resmethrin and bio-resmethrin which are very efficient both against aphids and white flies, but I am not certain how these synthetic pyrethrins stand with organic gardeners. I suspect they may not like them.

An alternative and, in my view, safer course is to choose an insecticide that will be unlikely to harm useful insects such as bees, ladybirds and lacewing flies either because it is systemic, and therefore mainly deadly to insects that feed on leaves or sap, or because it is very specific in its toxicity. Miconazole scores on both counts since it is absorbed into plant cells and is mainly an aphicide. Pirimicarb is not systemic but it mainly kills aphids and this it does both rapidly and effectively. It is satisfying to come back at hour after spraying and find the enemy already dead.

I have no doubt that this whole question of pest and disease control bothers many gardeners a great deal and there are few reliable and readily understandable books that can be recommended to them. A newcomer, Garden Pests and

Diseases, just published by Ward Lock, is timely and helpful. The author, Dr. Joe Stubbs, was for many years an adviser to Imperial Chemical Industries, though nowhere do the publishers mention this, possibly fearing that potential buyers might think that the book was

GARDENING

ARTHUR HELLER

simply a vehicle to recommend I.C.I. products. In fact, nothing could be further from the truth, all the commonly available remedies being mentioned from whatever source they may come. Indeed, my principal criticism is that Dr. Stubbs is often insufficiently specific in his recommendations. It may be all right to be told to control aphids with greenfly killers or general insecticides since there are plenty of them and the general insecticides are always formulated to make them effective killers of aphids since these are the commonest of insect pests.

It is not, in my experience, equally adequate to advise gardeners to control capsid bugs with general insecticides for I find these pests among the hardest to destroy just as they are about the most difficult to see. The damage they do is clear enough evidence of their presence; distorted, stunted shoots, cockled and split leaves often with brown streaks or spots, and rusty scabs, but the active little pests, rather like large greenflies, that are responsible for all the damage, are seldom there.

Partly this is because just a few can do a disproportionate amount of damage but also there are few insects more agile at hiding when they are disturbed. I wonder, if pressed, which "general insecticide" Dr. Stubbs would recommend to kill capsid bugs. Possibly Abol X which would be my first choice since it is a mixture of HCH, the chemical we used to call BHC, and neozoxin. This makes an excellent general purpose insecticide with one ingredient operating by direct contact the other by poisoning the sap which is a useful way of making a double thrust at your foes. It is manufactured by ICI and none the worse for that. Garden Pests and Diseases is arranged in chapters covering vegetables, fruit, trees and shrubs, outdoor flowers, lawns and greenhouse and indoor plants. Crops, fruits and plants

are listed alphabetically each with its principal pests and diseases and the recommended treatment. There are some excellent colour illustrations and some less good monochrome pictures but I could have done with more. Probably the quite reasonable price of £2.50, forbids this.

Pests are not the only worry at the moment. Diseases are also enjoying the warm weather and the radio reports that potato blight is well established in the north west and it is making its annual easterly dash across the country. This is the disease that starts innocently enough with some dark patches on the potato leaves but given the right warm and moist conditions the spots spread rapidly, the whole leaf soon becomes black and then withers and the disease passes down to the tubers which develop brown rotting patches.

Tomatoes are also affected just as a rule only those growing outdoors. There is no remedy once the disease has a hold and the best thing to do is to cut off and dig the crop as soon as possible. However occasional spraying with a copper based fungicide gives good protection and by delaying the final digging of the leaves actually increases the crop of late varieties.

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Renting a holiday home

"A LAST-MINUTE RUSH" is how one agent who specialises in letting furnished property on the South Coast describes the holiday renting season this year.

"Up until this month it has been practically the worst season we have had since we started the service 15 years ago," admitted Elizabeth Serna, who runs King and Chasemore's furnished properties department in West Sussex.

This means that only now are those who bought property as an investment, perhaps to combine with use as a second home, or for retirement later, starting to cover their expenses. Some of the places on offer though, are permanent homes, where the owners put the money towards paying for their own holiday.

"We send out catalogues in December, and by January people usually come flocking down to book. This year we lost out on the early batch because the weather was so dreadful. Now everyone is suddenly realising that it would be rather pleasant to have a nice quiet break by the sea or in the country, without the hassle of travelling abroad. Particularly Londoners, for whom our area is not too long a drive, and where it is not absolutely essential to have a car when you get here."

A right to occupy a house or part of a house for a holiday is not a protected tenancy (Sec. 9 Rent Act 1977), so the agency makes sure that a formal tenancy agreement is exchanged, which points out that "the purpose of the tenancy created hereby is to confer on the tenant the right to occupy the premises for a holiday." (A word of warning though, for owners contemplating a long winter let, even if the process is not 100 per cent foolproof, as

it needs a Court Order to get anyone out—and they told me it takes three months to get such an order in this area.)

A tenant also has to lodge a deposit of £100 against charges for electricity, gas, telephone and any damage. For checking references, collecting the rent and deposit, arranging meter readings, etc., the agent charges 10 per cent of the rent, plus VAT. With the difficulties of getting competent inventory clerks willing to work at weekends, the normal change over-time, inventories have to be checked by tenants, who are also responsible for leaving the place in a reasonably clean and tidy condition. Domestic help can be organised at an extra charge.

What does it cost to rent a holiday home? A "character four-bedroom, two-bathroom country house" in Burgham, pretty village near Arundel in Sussex, is already partly booked for August and September at £250-£300 a week, but a three-bedroom coastal cottage in a terrace at Angmering-on-Sea ("no toddlers or pets"), was still on offer at £80 a week for August, £65 for the middle of September, while nearby "Lovely Cottage" was £55-£65 a week for similar periods. The Moorings, on the exclusive Kingston Course estate, right on the seaford, was £115-£125 a week, and a small bungalow in Ferris, near Worthing, £70 a week for September.

For a schedule of properties still available, plus details on how to let your own property for next season, provided it is in the area Arundel, Lyminster, Rustington, Storrington, etc., contact Elizabeth Serna, furnished properties department, King and Chasemore, 35 Sea Road, East Preston, West Sussex, telephone 09082 3202.



If country rental is too transient then a rural house of your own could be a permanent alternative. This pretty property in East Sussex is for sale through Braxtons (Battle office) for £55,000.

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BARBADOS Rockley Country Club. Superb development on the South Coast of Barbados, set on 67 acres of park land with mature trees and flowering shrubs. Facilities include private Beach Club on the fabulous Rockley Beach with its white coral sand and warm blue water. Other facilities include: 6 swimming pools, 2 air-conditioned glass backed Squash Courts, Shopping Centre with small supermarket, Restaurant and Coffee Shop, The Rendezvous Discotheque, 5 Tennis Courts - (3 floodlit), Children's playground. 9 hole Executive Golf Course will re-open in 1980. A limited number of fully furnished apartments remain available for sale from £24,575 with mortgage availability up to 50%. The management Company offers a maintenance and tourist letting service to provide investment return during periods of non-use. Details from: Mr. G. R. Atkinson, Sales Director, Rockley Country Club, P.O. Box 35W, Christ Church, Barbados.

SMITHS GORE. SUBSTANTIAL FARMHOUSE. A PAIR OF SEMI-DETACHED FARM COTTAGES for motor-able conversion and OLD MANOR HOUSE. BUILDING PLOT. For sale by auction, Lots on 19th September, 1979. For particulars apply to Messrs. Smiths Gore, The Estate Office, Perthway, West Sussex, BN1 3JG. Tel. Perthway 0179 07981 02502.

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Humber's Bedfordshire. By direction of the Trustees of the Bedford Estates. Woburn 2 miles. London 41 miles. FOUNTAINES FARMHOUSE on the Duke of Bedford's estate just south of Woburn Park. 10 reception rooms, kitchen etc., 4 bedrooms bathroom. 100 ft. driveway, about 2 acres. Lot 2 Range of timber farm buildings. About 1 1/2 acres. FIR TREE COTTAGE, Woburn Sands with 3 bedrooms, in need of extensive renovation. About 1/2 acre. ALL FOR SALE BY AUCTION, SEPTEMBER 27th. Details: 6, Lincoln's Inn Fields, WC2A 0JF; 242 3121 or 10, London Road, St. Albans (0727) 51779

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Rural Cheshire STOP! If you have a distaste for the more usual type of house and are sick of looking at all those "superb, fantastic, recently built, ideal, magnificent, beautifully situated," etc., "boxes," then spare a moment for this different one in Prestbury. A good solid house in an acre, with a view to the hills. It has central heating, 4 bedrooms, en suite shower and bathroom, 3 reception rooms, etc. Some sorting out needed, but really it has a unique ability to please the mildly eccentric. Price about £20,000 o.n.o., subject to contract, to include central carpets and curtains. ECCLES BOND & CO. THE VILLAGE, PRESTBURY, CHESHIRE. TEL: PRESTBURY 62254

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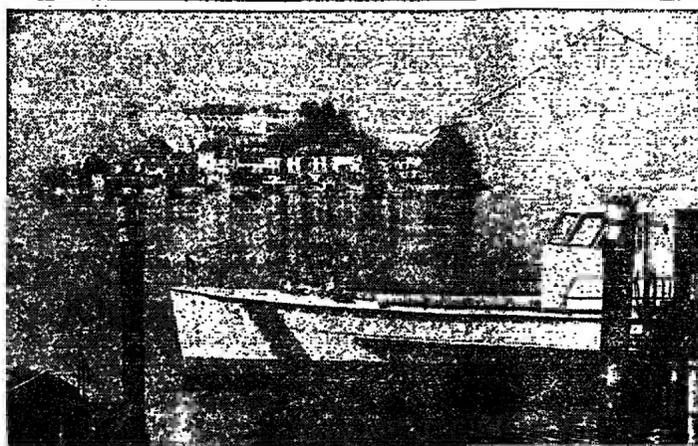
TRAVEL

Hidden Italy

BY PAUL MARTIN

WHILE the major tour operators, whose business is the conversion of intangible dreams into reality, continually expand the range of resorts covered, and while some of the smaller, specialist, companies really do go off the beaten track, a set of wheels remains the first essential to discover for yourself some of those enchanting out-of-the-way places which represent Italy's hidden holiday assets.

towards the sister lake of Orta. Don't be put off and decide to retrace your steps when you reach Omega. This industrial town, at the northern end and the one blot on the landscape, is quite untypical of the area. However, until you reach the little town of Orta San Giuliano which faces out across the unspoiled surface of the tiny lake, towards the island of the same name.



Stresa, Lake Maggiore.

In the nicest sense, a completely unspoilt simple beach with some houses built in Moorish style, yet only a few hundred yards away from the traffic which used to thunder along the old Roman Via Aurelia but has switched to the coastal motorway.

Open-air concerts are held during the summer months in one of the courtyards from where there are spectacular views down towards the coast.

Here, too, while there are purpose-built resorts like Bibione and Lignano Sabbiadoro, the lagoon and island of Grado—although there is a bridge, it remains essentially an island—were linked to the archaeological centre of Aquileia. Long before the emergence of Venice as a sovereign state, it was a place of major importance with its own hispanic. Grado remains a kind of microcosm of Venice, with its narrow canals, or alleysways, and beyond the residential area, a pleasant promenade skirting a sandy beach.

Books to take along

WHAT TO pack bookwise? The dilemma presses once again as holidays move into view. Here are a few suggestions in the paperback line as succinctly as I can manage. If you are looking for a breather from Bloomsbury and you can't take any more Tolkien, try Samuel Hynes' refresher course on literature and politics in the 1930s, *The Auden Generation*, published in paperback in 1978 and now available in paperback at £3.50 from Faber. Hynes takes you through that terrible decade year by year and the tour includes not only the main books published by the Auden boys and their rivals, but also forgotten magazines, manifestos, book clubs, broadcasts, and anthologies. His underlying theme is the alternating attraction and repulsion throughout the 1930s of the creative writer to

political commitment, to the life of art and the life of action. This dispassionate view of past literary battles by the sensitive American scholar is most enlightening. Many of the writers Hynes considers are themselves ready to hand in paperback these days. Do publishers sense a new vogue for 1930s literature? Stephen Spender's *The Thirties* (Faber, £1.50) is a collection of his journalistic forays going up to 1975, like the needle on a pressure chart, the pieces show infrequent changes of direction as well as the more violent veerings and backings. Christopher Isherwood's *London and Shanghai* (Morgans, 95p) was one of the best books of the period and, though unforgettably the public-school and Cambridge audience against which he reacted, it is so much more readable and gay (in the archaic sense) than the later autobiography *Christopher and His Kind*. Isherwood's semi-autobiographical Hollywood novel *Down There on a Visit* (Morgans, £1.25) carries the story on to the end of the war. Professor Hynes spends some time analysing allegories and parables including the youthful repulsion about the imaginary

South American republic returns home. There he follows a millstream back to its source, guided by an unearthly green child. He enters a subterranean grotto and finds himself in the highly structured world of the green people which fulfils Read's notion of a utopia. During his industrious career as an author Read wrote a great one novel, but it is a great one penned in limpid, matchless prose.

PAPERBACKS

These Isherwood wrote in conjunction with his undergraduate friend and mentor Edward Upward who became a schoolmaster and a member of the Communist party. *The Spiral Ascent*, tracing the career throughout the pre-war period of a young Englishman who tried to reconcile the claims of Communism with his vocation as a poet. The saga of Alan Sehrlil which continues through

the forties and into the period when he gives up teaching and lives in retirement on the Isle of Wight (like Upward himself) is now published in paperback in three separate volumes by Quartet Books. *In The Thirties*, *The Boyen Elements* and *No Home But The Struggle* at £2.50 each. After the fantasies of Mortimer there was realism with a vengeance. A fine modern novel of political and philosophical fantasy, Herbert Read's *The Green Child* now appears as a Penguin Modern Classic (95p). The English horn dictator of a

coricche road linking Venice to Trieste. Even the major commercial and industrial centres, where the business traveller is most likely to find himself, have their own hidden delights. Milan lists among its tourist attractions the quite extraordinary Cimitero Monumentale where some of the ornate tombs are in pretty questionable taste. One of the simplest and, for that reason most impressive, is the Tascaini family vault where the great conductor, so indelibly associated with his triumphs at La Scala, lies at rest. Full marks, too, to the civic authorities who have finally cleared all those beastly cars from the splendid piazza in front of the cathedral.

Another fantasist who wrote elegantly was Sylvia Townsend Warner. Her short stories *Kingdoms of Bifn* about an aristocratic society jealous of its privileges has also come out in Penguin (£1.25) and might be just the thing for your deckchair on the beach. Miss Townsend Warner who died last year, was also a poet and a musicologist. A posthumous volume of her poems *Twelve Poems* with a preface by her friend Peter Pears is coming from Chatto and Windus later this year at £2.50. But some readers simply cannot take fantasy however pure the style. By contrast, a much neglected area of realistic description of working-people is covered by Peter Keating of Edinburgh University in his *The Working Classes in Victorian Fiction* (Routledge £2.50).

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BOOKS

To arms!

BY C. P. SNOW

The Year of the French by Thomas Flanagan. Macmillan. £6.95, 516 pages

In this country's three greatest wars, Ireland has looked tempting to the enemy. An invading force would find plenty of helpers...

This piece of history has now been used as the substance of a novel, and a richly successful one. It can be recommended to almost anyone who is not put off by historical omissions...

The best reason for reading the book is, however, the simplest. It is, above everything else, a very good novel, told with several different kinds of narrative skills...

Thomas Flanagan doesn't seem to have published a novel before. He has had a long career as a professor of English in California and New York, and he is getting on for 60. He presumably has spent some years writing this novel, but even so, it is bizarre to enter the literary scene with a novel as accomplished as this.

Flanagan organises a mass of characters and events as though it is the easiest thing in the world, which Tolstoy could have told us isn't. It has taken many kinds of technical device, none of them obtruding, to make the novel so inescapably readable. That isn't the greatest of its virtues, but in a novel on this scale it is a major one.

married to a nationalist lawyer, and more rapturous about the cause than the Irish themselves, a timid poet writing mournful diary entries and knowing that all was going wrong, one of Cornwallis's staff officers writing about the rising 50 years after it happened, and so on and so on. Either some of these documents are near to existing originals, or else Flanagan adds mimicry to his other gifts. He must have felt a lot of subdued amusement as he wrote these pastiches, if that is what they are.

A high proportion of the personages in the novel had an actual historical existence, though Flanagan has recreated them for his own purposes. One would like to know which are historical characters. The leading soldiers of course—Wolfe Tone and other Irish political leaders—some of them Mayo geology, such as George Moore of Moore Hall. Moore was the grandfather of the author of The Brook Kerith, and as drawn by Flanagan is one of the most interesting figures in the book. The family had made a fortune trading in Spain, and Moore was a rich landed gentleman. What was much odder, he was a rich Catholic landed gentleman, too proud to give up his religion, although his attitudes were those of a Whig aristocrat. He was an intimate of Holland House.

There were other more corruptible members of the old Irish gentry around, calculating the pickings out of union with England and the best time to play their hand. The social stratification in Flanagan's Mayo are sharp—small landowners like Malcolm Elliott, Protestant lawyer, husband of the idealistic English girl, caught up in militant politics in Dublin, too honourable to expropriate himself but entirely pessimistic, fated to arrive at the gallows. There is much less to be said about the range of farmers, most of them Catholic, not much more cultivated than their own



Thomas Flanagan: in the steps of Cornwallis

peasants, splendid horsemen, toting their lives away, glad of a chance to fight. These people the Irish called half-sirs, and the English called them. Most of them were still able to speak some Irish, but the language was already fading out. The personal detail of all this cast is done with a novelist's love of fact. Most of the obscure characters must be creations of Flanagan's, since squires and peasants didn't write memoirs. There is one figure who is certainly a creation of Flanagan's, as he is too much a romantic literary invention to be anything else. That is the strolling poet and

hedge schoolteacher, Owen MacCarthy. He is the personification in Irish terms of the romantic idea of the artist—eloquent, drunken, wise, wenching. Many readers will regard him as the greatest single triumph in the novel. I don't.

There is an undertone of the Irish melancholy running through the book. But that isn't the feeling with which one comes to the end. It is so good a novel that life seems more desirable. When a work of art does that for you, it has great quality. If this book doesn't get read and esteemed, then there is something dreadfully wrong with our literary world.

Sorry tale

BY ZARA STEINER

Britain and the Jews of Europe: 1939-1945 by Bernard Wasserstein. Oxford / Institute of Jewish Affairs, £7.95, 389 pages

Few can read this book without some sense of shame. Working in the now opened public archives, Bernard Wasserstein has recorded the policies adopted by the British Government towards the Jews of Europe during the Second World War. The knowledge that it was German action which created this problem and that Sweden whose record is impressive) behaved with an equal lack of humanity can neither explain nor excuse British actions. Occasionally a humane voice—Winston Churchill, Oliver Harvey, A. Walker of the Refugee Department, Lord Cranborne at the Colonial Office—breaks through the veil of bureaucratic irritation and hostility but even these were "heartbeats muffled in protocol." It was the triumph of practical politics and pure logic rather than the anti-semitic outbursts of Anthony Eden or the greatest single triumph of the war at embarrassing other countries by flooding them with alien immigrants.

Central to the British reaction to the German campaign against the Jews was the issue of Palestine. The Cabinet, but particularly the Colonial Office, and the Government of Palestine, were determined to stick to the terms of the White Paper which restricted immigration to 1939 and 1945 to 75,000 immigrants. So great was the fear of hordes of Jews crowding into that country so widespread the belief that the Germans would use Jewish refugees as spies (an official wrote, to have "an absorptive capacity of nil," Herbert Morrison warned that anti-semitism in Britain precluded the admission of a larger number of Jewish refugees and

During the first two years of the war, the British Government took the lead in closing all the escape routes from Europe believing that a mass exodus to Palestine would destroy its Middle East position. So all-embracing were these fears that the Colonial Office sought to prevent American charity reaching families marooned on the frozen Danube while the Government of Palestine felt constrained to deport all who survived the "Paris" explosion even before typhoid carriers could be removed lest others be encouraged to take the risks of illegal entry.

Knatchbull-Hugessen, the British ambassador in Turkey, found in December, 1941, that his reaction to the arrival of the "Struma" with its 769 Jewish refugees and his unauthorised suggestion that the passengers might receive humane treatment" if they reached Palestine gravely upset the Colonial Office. The Turks were asked to turn the "Struma" back to the Black Sea as nothing could be done for these unfortunate people not even for the children. It was perhaps providential that the boat sank.

Even the modification of Britain's Palestine policy initiated by Lord Cranborne as a result of the "Struma" affair was narrowly construed and this despite the fact that by the spring of 1942 Jewish escape from Europe was almost impossible. Just over 3,000 immigrants reached Palestine in 1943. When the number threatened to rise in late 1944, the modified policy was dropped.

Alas, it was not just concern for the Arabs and the Middle East which shaped British policies. From the start, the government distinguished between "war refugees" and "racial refugees." Even when the full meaning of the "Final Solution" was clearly understood, Britain could not absorb more than 1,000-2,000 Jews though there was room for some 30,000 possible exiles from Europe and Belgium. The British Empire was found, as one official wrote, to have "an absorptive capacity of nil." Herbert Morrison warned that anti-semitism in Britain precluded the admission of a larger number of Jewish refugees and

urged in 1945 that Jews be compulsorily re-nationalised and sent back to Germany. Neither the Jews from Luxembourg nor Vichy France could be admitted to Britain or the Empire. The BBC was specifically instructed to avoid references to German atrocities. Even after the condemnation of the Nazi extermination camps in December, 1942, it was thought counter-productive to dwell on such issues. The Bermuda Conference, a "marked success" produced no new concrete measures to save the few who could be rescued. British assumption that American efforts were politically and diplomatically suspect, as well as the fear of being seen to treat with the enemy led the government to refuse to enter into negotiations over the Romanian Jews in 1943 and the Hungarian Jews in mid-1944.

Despite their own relief actions in occupied Greece, the government was highly critical of the efforts of the American Joint Distribution Board and UNRRA to get supplies to the concentration camps. Of all the resistance movements in Europe, the Jews stood alone in the near total absence of aid in any form. The bombing of Auschwitz, finally approved by Churchill and Eden, was blocked by departmental action.

How does one explain this grim story? Dr. Wasserstein tries out a variety of explanations, all true but all unsatisfactory. I.e. traditional Foreign Office anti-semitism, strategic realities, Arab sympathies, the Fifth Column panic of 1940, the bureaucratic mind with its purposeful de-personalisation of all situations, the failure to grasp the enormity of the catastrophe and the consequent failure to understand the human consequences of decisions made in Whitehall. Whatever the cause, compared to all other exiles and refugees, the Jews received "peculiarly ungenerous treatment."

One doubts whether this book will provoke the kind of controversy which surrounded the revelation of Russian use of the Soviet Union. But perhaps some modicum of comfort can be taken that the lessons of history contributed to the more humane behaviour at the recent Geneva meeting over the Vietnamese boat people.

Apartheid again

BY IAN DAVIDSON

Method in the Madness by John Kane-Berman. Pluto Press. (paperback) £2.95, 256 pages

This book was originally published towards the end of last year in South Africa, under the title Soweto: Black Revolt, White Reaction; the author is a young South African journalist, a former Rhodes scholar, employed as an assistant editor on the Johannesburg weekly The Financier. It is a frequent contributor to the Financial Times and other British papers. Those who follow South African affairs at all closely will be familiar with his name, as well perhaps with his reputation as a brave, not to say foolhardy, critic of the whole system of apartheid. Those who do not follow South African

affairs closely, but would welcome a clear, detailed and analytical exposé of South African racial policy, could hardly do better than start with this book.

As the original title indicates, the trigger for the book was the wave of rioting which started in Soweto in June, 1976, and Kane-Berman covers these events in very considerable detail. I myself feel that, in the wider context of his theme, he is perhaps too scrupulous in including too much detail (much of it marginally conflicting) about the precise circumstances of the rioting, who exactly did what in precipitating the violence, how many were killed in different places, how many were wounded, and so on.

Historians will no doubt be grateful for his punctilious

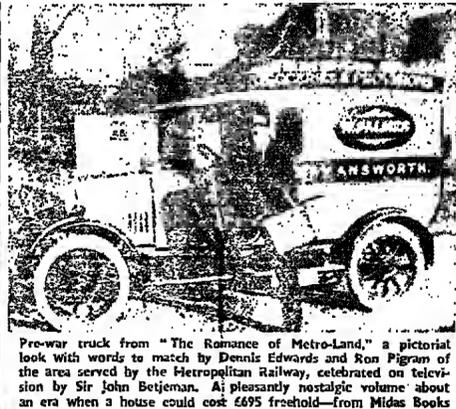
resumé of the available evidence; but the ordinary reader will quickly grasp the essential point, that Soweto was a horrific explosion which epitomised the permanent underlying conflict between the white rulers and the subordinate blacks of South Africa. The occasion for the outbreak may have been the imposition of the Afrikaans language in black schools, but the root cause is to be found in the general system of apartheid.

Now apartheid is a very emotive subject, whose discussion is liable to provoke a great deal of moralistic heat. Kane-Berman leaves no doubt whose side he is on, but the merit of his book is that it is cool, even pitilessly cold; it is also totally contemporary. Readers who want some historical, imperial, emotional, metaphysical, theological or mythological explanation of how the Afrikaners got themselves to where they are now, let alone any sympathetic rationalisation of their current policy, must look elsewhere. That is not Kane-Berman's concern.

His purpose is to describe, in telluric detail, the policy of apartheid as it is applied in practice. The effect is devastating. Kane-Berman is not, perhaps, another John Maynard Keynes, but his book remains me most powerfully of The Economic Consequences of the Peace.

I have visited South Africa only once, and then very briefly, last year. I met five of the most influential economic figures in the country, and all of them told me that apartheid cannot work in its present form, or indeed in any similar form. Their argument was simple: black unemployment will reach intolerable proportions unless there is a very rapid growth rate, and that will require rapid education and promotion of blacks into positions of equality in the economy.

Kane-Berman's argument is different, but parallel: there is no way in which the vast proportion of South Africa's population can be deported into effective concentration camps in the so-called homelands. It cannot be done. I cannot recommend his book too highly.



Pre-war truck from "The Romance of Metro-Land," a pictorial look with words to match by Dennis Edwards and Ken Pigeon of the area served by the Metropolitan Railway, celebrated on television by Sir John Betjeman. A pleasantly nostalgic volume about an era when a house could cost £695 freehold from Midas Books at £6.50.

Playwright and Press

BY JAMES FRENCH

The Journalists, a triptych by Arnold Wesker. Jonathan Cape, £3.95, 288 pages

Way back in 1971, when the much missed Sunday Times was a power in the land, Arnold Wesker, the former Bright Young Man of British Drama, spent six summer weeks at Thomson House, watching how that newspaper came to life. His sly and some saucy gossip column snippets and a medium of expectation, particularly among journalists, who love reading about themselves, too.

Eight years later this Wesker triptych is assembled. It consists of a three-hour play called The Journalists: Journal of the Writing of The Journalists, and Journey into Journalism, a book of the play, Wesker's observations during the six weeks, the factual material from which he sculpted the play.

Wesker has some hard and rude things to say about journalists and critics, and the way this book is constructed, he seems to be saying: them in triplicate. Indeed, he says: them so forcibly that it is hard not to fall into the trap of justifying

his criticism that the profession—or trade—of journalism is hysterically averse to criticism of itself. He does not care much for its ethics and calls its practitioners Lilliputians. These are people, he tells us, who compete with rather than complement loved ones and who resent the fame, influence and achievement of interviewees.

Methinks Wesker has concentrated overmuch on personality journalism and that which embraces arenas of national debate and leader-writing, and neglected the less exciting, less glamorous mainstream that fills the majority of newspaper columns. Understandably he has focused his attention on areas and individuals of dramatic potential, but to imply that these are the generally and Wesker is against distortion. Who isn't?

I have never heard journalists pontificating like those in the play, and presumed Wesker was exercising dramatic licence. But the Journey records real journalists' talk that had been imported near-verbatim, and even nearer, into the play. I found the play heavy, the Journey boring, and the Journey revealing. If I had read the Journey first I am sure I would have understood and appreciated the play better.

Wesker, who has an obsession with in-depth journalism, reveals that Thomson House lavatory paper was hard and glossy. They cannot be using much now.

He discovered that only a fifth of the 9,000 books received annually by the Sunday Times were reviewed. It must be similar at the FT, and Wesker's honk is actually being reviewed—he should be so lucky!

Objections by journalists who felt they had been unfairly done by prompted Wesker not to publish the Journey section until 1977. But I believe there is a far better book to be written. It would tell why and how most of the Royal Shakespeare Company actors assigned to roles in The Journalists refused to perform the play, which has received no public professional performance, and the story of the local controversy between the author and the RSC. That should be a good read.

A Rattigan version

BY B. A. YOUNG

Terence Rattigan: The Man and his Work by Michael Darlow and Gillian Hodson. Quartet Books, £11.95, 360 pages

The themes that run insistently through this biography are that Sir Terence Rattigan was a homosexual, and that most of the characters and the situations in his work reflect people and events from his own life. In the sub-text you will find that he was anxious to prove his virility to a hyper-virile father who disliked his left-wing views, and that he was under the influence of his gay (in the old-fashioned sense), socialite mother most of his days—a complete Freudian pattern, in fact.

All which, as Hamlet said, though I most powerfully and potentially believe, yet I hold it not honest to have it thus set down. The authors may reply that much of their information was given them by Sir Terence himself, although mortally ill and in constant pain, to quote the authors' introduction) and by his friends and some who are described as his friends. I can only say that there is a difference, in my mind, between a biography of an eminent man and a gossip-column. Still, the book is here, and in spite of it were not this is no reflection on its intrinsic merits.

This is in fact a pro-Rattigan book, at any rate from the dramatic viewpoint. It is only since his death that it has become respectable to say that he was a sodomite, a great playwright. When I had the joy of writing the introduction to the fourth volume of his Collected Plays (Hamish Hamilton, £8.50) I was embarrassed to find that of the four plays included I only admired one, In Praise of Love. Ever his last work, *Conseil Célèbre*, which others admired hugely, never seemed to me more than an automatic, and unconvincing, comparison of the lives of Alma Rattenbury and Edwin Davenport. Fortunately, my brief enabled me to cover the total oeuvre.

Now of those four plays, In Praise of Love is the only one that deals with a purely human situation. The others are concerned to some degree with public affairs, and contain characters created by history and not by Rattigan. It is the human plays that he was best at; and if you throw *The Winslow Boy* in my face to disprove me, I must point out that ever makes that such a good play is that the public affairs are all kept offstage and the drama seen entirely from the family viewpoint.

Darlow and Hodson quote Albert Hunt to one-sided critic if ever there was one: "If he sacrifices everything to plausibility it's not because of some dramatic theory, it's because that's the way he responds to his material." Of course! This is his strength, not his weakness. Rattigan is a great playwright in an illusion if it is based on the discovery of "some dramatic

theory." He is a great playwright because of that "sense of the theatre" he was so proud of; he knew how to make an audience shudder, and he wrote outrageous curtain-lines because, in the face of constant criticism from a powerful intellectual minority, he regarded the entertainment, in the broad sense, of an audience as the playwright's duty.

Certainly he used people and events from his own experience in his plays. *Je prend mon bien où je le trouve* might have been his motto. In *The Deep Blue Sea* any worse a play because it was put into his mind by the suicide of his friend Kenneth Morgan? M. C. Bradbrook has pointed out that Hamlet's excessive grief over his dead father may have

sprung from Shakespeare's grief over his dead father in 1601.

There are evident signs to Darlow, and Hodson's book of the speed with which it was assembled, some flat judgments that need more investigation. Too often there are colourful anecdotes that could only live in a pulp newspaper, such as the unlikely tale of Rattigan and Alvin Rakoff believing the boys at a drag show to be girls. (Mr. Rakoff, maybe, not Rattigan.)

"Gringing" as-is-my-welcome in the book, it certainly provides a fairly complete account of Terence Rattigan's life and an analysis of all his work, including some not now available, like *After the Dance* (which I should like to see) and *Follow My Leader* (which I should hate anyone to see).

BOOKS OF THE MONTH

Announcements below are pre-paid advertisements. If you require entry in the forthcoming panels application should be made to the Advertisement Department, Bracken House, 10 Cannon Street, EC3A 4BY. Telephone: 01-588 5000, Ext. 7064.

Public labour administration and its role in economic and social development

Eleventh Conference of American States. Members of the International Labour Organisation. Report II Medellin.

September-October 1979 gives an idea of the structural progress made by labour administrations in recent years and, consequently, the improvement in how programmes have been implemented. Shortcomings and complex problems are also discussed. ISBN 92-2-102010-X £3.75 International Labour Office

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September-October 1979 This Report gives a broad outline of diverse cultural situations, traditional and present problems, as well as the prospects for employment, training and working conditions for women in the Americas. ISBN 92-2-102011-8 £4.40 International Labour Office

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Cloth £13.75/\$27.50 Paper £6.50/\$14.00

Equality

Keith Joseph and Jonathan Sumption This closely argued book by the Secretary of State for Industry and an Oxford historian offers a refreshingly challenge to the conventional wisdom of "social democracy" (Sunday Telegraph). John Murray £3.95

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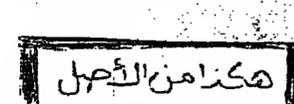
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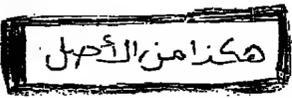
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HOW TO SPEND IT



by Lucia van der Post

Eyes right

I'VE never been a great wearer of mascara myself, having the sort of eyes that are allergic to almost everything that might beautify them, but judging by all those desert-island questions most women would rather be stranded without almost every other beauty aid rather than be left without mascara.

It therefore seemed a good idea, in the middle of the summer season, with holidays very much in mind, to look into the whole question of waterproof mascaras. Do they work and are they worth the money? It's not much good putting on your mascara in the first place and then every dip you emerge with panda eyes and smudges. What we're looking for was the sort of product that lives up to the claims on the Christian Dior release.

You can sing in the rain, swim underwater, or enjoy a good cry at the cinema—and you'll still have long, beautiful eyelashes.

We tried out several different makes and describe what we thought of them. One point to be noted is that precisely because they cling better waterproof mascaras are harder to remove and in my opinion should be removed with a specially gentle cleanser made for eyes.

Dior: "Dinamic" comes in black, blue, and particularly attractive darkish green, black or brown, and is the most expensive of the ones we tried, costing £4.70. It was easy to put on, lasted all day and is certainly waterproof. Will, however, smudge if rubbed.

Helena Rubinstein: Colourlash mascara in the skin-tone range is £4.00 (in black and brown) and though Helena Rubinstein doesn't claim that it is waterproof, saying only that it is non-smear, the chemical composition is such that it is waterproof. A good, unsticky mascara which goes on easily. Our tester splashed her face with water and said that it doesn't make one look like a panda, just mildly dissipated. It wiped off easily and quickly.

Longlash: Conditioning mascara is £2.25, comes in blue (a rather bright blue), black and brown, and was both waterproof and smudgeproof and yet was easy to remove.

Coty: Lavish Lash in black and brown costs £2.40. It's thick and goes on easily and makes the lashes look splendidly lush and glossy and is waterproof so long as you don't rub the eyes when wet.

Mary Quant: Tearproof mascara in black, brown/black or moody blue is £1.75 and was exceptionally good for staying on. It is waterproof and doesn't smudge but our tester thought it a little thinner than other makes so that her lashes didn't actually look as thick.

Yardley: In black, brownish/black, brown and navy their waterproof mascara costs £1.30. It goes on well, stays on when immersed in water but smudges horribly in or out of water. It was also difficult to get off.

Max Factor: Longlife waterproof mascara in navy, black and brown costs 90p each and seemed excellent value, being waterproof and as reasonably smudgeproof as such things can be.

Mincers: All Weather was the cheapest of all at 78p. In black and brownish/black it seemed excellent value. Good and thick, it smudged a little but was waterproof.



You can easily pay up to £50 for a pair of sunglasses, particularly if they are adorned with a rather fashionable set of initials at the side, and if you do you might equally easily do what I did and leave them on a shop counter, in a bus or on a train. Never again will I buy a very expensive pair of sunglasses, especially now that there are very attractive cheaper versions around. Boets have brought out a range called Bright Eyes which sell for prices varying between £2.99 and £5.99. Not all shops will have all eight styles but most of Boots Department Stores should have some. Photographed here is "Cat's Eyes," left, with slanted high-pointed frames for £3.99 and "Dazzling Rhinestones," large tortoiseshell frames with rhinestones on the corners for £5.99.

Presents with a difference

Finding a present with a difference isn't always easy if you don't have a great deal of money to spend. So much of the merchandise displayed in most shops is mass-produced and is to be found all over the country that finding something a little unique, a little special, takes some thought and effort. However, this week I've decided to write about three sources of the unusual or off-beat present, and though you could spend a lot of money, at all of them you could also find a lovely present or memento for very little.



NOT everybody knows that both at the British Museum itself and at the Museum of Mankind, 6 Burlington Gardens, London W1 can be found a whole host of astonishingly good replicas of many of the items in the museums. These make original and delightful presents or mementoes. And for those who aren't able to get to the museum shops themselves, British Museum Publications runs an exceedingly efficient mail order service (which includes a fully illustrated black and white catalogue with all prices, measurements and historical background) so that you can buy these artifacts from the comfort of your own armchair.

Probably the most successful and best-known item is the replica of the Isle of Lewis chess pieces. These were originally found in 1831 by a peasant digging on the Isle of Lewis. Made of walrus ivory there were 14 draughtsmen, 76 chessmen and a belt buckle. Sixty-seven of the chessmen are now in the British Museum and eleven are in the National Museum of Antiquities in Scotland. The copies sold by the British Museum are made of resin, are as near to perfect as can be and they can be bought either individually or as a complete set. Prices start at £1.65 for a pawn and go up to £4.80 for a King; the complete set costs £96.

However, besides the chess, set, there is a whole collection of other less well-known replicas. If you can bear a possible delay you could have a copy of the Rosetta Stone (£310) but if you are less ambitious there is a large choice of replicas at prices under £5. You could have a jade bird (but copied in resin, of course) for £2.90, a jade buffalo for £2.60, a turquoise pendant for £1.25, a bird pendant for £2.50 or perhaps you might prefer an Egyptian ornament on a long for £3.20. The Ashanti brass gold-dust weight, photographed above, is £3.15.

REGULAR readers may remember that a few years ago now I wrote about some charming skipping ropes for children. The handles were made from old discarded bobbins from Yorkshire mills and each skipping rope was sold with a little leaflet about the bobbins and a booklet of traditional old skipping rhymes. The skipping ropes cost only £1.25 and yet they make an exceptionally interesting present.

Since then the company has gone from strength to strength and the range of presents based on discarded mill bobbins has been expanded. Alan Robertson, a York antique dealer, is the man behind the venture. He happened to buy a basket of old bobbin when at a sale of a bankrupt textile mill and then he cast around for ways of using them. The skipping ropes took off at once and since then he has turned the bobbin into egg-timers, cotton-reel holders, corkcorks, dolls, peppermills—the list is endless.

Alan Robertson takes great care only to find appropriate uses for the wood. All the objects are hand-made and the lovely wood of the bobbins has acquired a nice patina over the years. Certainly the dress-maker's friend, the cotton-reel holder based on an old Victorian design, is both useful and appealing and costs £1.75. The egg-timers (see the range of timers in the photograph) they vary in size depending upon the size of the original bobbin are £1.35, the giant timer is £10.00. Besides the useful artifacts there is also a charming collection of bobbin dolls (£2.50 each), a bobbin ball and cup game as well as a Yorkshire version of skittles called Kittle Plus.

The Discovery Collection, as all the old bobbin items are called, is available at craft and gift shops up and down the country (in particular, if you're in the area, do go to Goshall Mill near Guildford which has a particularly nice display of them) as well as being available by post. Postage is 60p per item, except for the giant timer, which is £1 to post. Write direct to: Discovery Collection, Minister Gates, York. They have a shop at the same address if you are in the area.

The jewellery section is particularly enchanting and all the jewellery made from precious metals is hallmarked whilst all the replicas carry the British Museum Publications stamp of guaranteed authenticity. The replicas are made in little craft workshops up and down the country so absolute certainty of supply cannot be guaranteed (items like the Rosetta Stone have to be ordered and only about eight a year are made) but do visit the shops next time you are at either the British Museum or the Museum of Mankind and if, in the meantime, the idea of a skillfully-made replica interests you write to British Museum Publications, 6 Bedford Square, London WC1B 3PA for a copy of the catalogue and all prices and sizes.

A... a... a... tishoo!

IT IS not a difficult task to spot hay-fever sufferers in summer. They are either sneezing or sneezing. Some, blessed with foresight and an organising mind, have a course of injections in the winter months, the rest of us sneeze with increasing vigour until driven to canisters of anti-histamine pills covered with awful warnings about alcohol, driving or using machinery. The sufferer, however, has no choice, therefore, come as a welcome relief.

Although hay fever is something of a social joke, it is an anti-social condition. Not for the picnic sufferer the beautiful picnic with romantic undertones. Amorous moves are likely to misfire when accompanied by sneezing fits. Anti-histamines may reduce the sneezes, but they also seem to make the human frame a little sluggish in other areas of activity. Barbicues, tennis, Henley and Goodwood all become forbidden territories. The hay-fever sufferer at Glyndebourne is not a welcome guest.

Not being eager to sink myself in a cloud of chlorpheniramine maleate from June to September this year I tried an ioniser. While continuing to take anti-histamines during the day, I retired to the security of my own four walls and a tiny Modulon machine in the evenings. Whatever the theory of ionisers the practice seems to be that the machine attracts all forms of dust in the nearby air, including those irritating pollens.

It seemed to work. For the past eight weeks I have not once woken to the sneezing fit that has been my summer norm for all my adult life.

Before that is taken as too wildly enthusiastic let me add a couple of caveats. The first is that this was not a scientific test. Perhaps this year was different and I would not have suffered to the morning hours anyway. The other is that in attracting the pollens the machine seemed to attract all available pieces of soot and rubbish available. Each day it has been surrounded by a grey field of dirt.

Ionisers are not cheap, the Modulon costs £44.95 (and I have not worked out the cost of two months' continuous electricity), but on this test appeared effective. As far as I can see it is the only way for a hay-fever sufferer to get a full night's sleep without being under drugs for 24 hours a day for three months of the year.

The Modulon is a black metal box measuring 2 1/2 ins by 3 ins and works off mains electricity. Its makers explain that it works by increasing the level of negatively charged molecules (ions) in the air, thus neutralising the bad effects of positive ions which carry airborne germs, dust, soot, cigarette smoke and other pollutants, including, of course, pollen. It is meant to work for people suffering from asthma, bronchitis and catarrh as well. It is available by mail order from Rinnacote, 1-2 Hanover Street, London, W1, p+p is an extra £1.00.

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ARTHUR SANDLES



READERS who are going to Paris should remember that the shop in the Louvre is a marvelous source of presents of all sorts. The Boutique des Cadeaux stays open till 8 pm every day except Tuesdays when, like the museum itself, it is closed, but it must be one of the few places where the harassed businessman can buy a present on a Sunday.

Photographed above is a copy of an Iranian grave from about 1,000 years BC. It sells for FF 550 while the Grecian horse is FF 500. You can also buy much smaller pieces—a Picasso mini-puzzle or a Pharaoh's ring. Byzantine enamel or a copy of a pendant more ancient than Croesus. The Louvre also has a thriving business in selling replicas so you could come home clutching something as small as an exquisite figure from Zaire or, if you can persuade the airline to help, as large as a plaster cast of a slave from the tomb of Jules II.

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Le Grand Aioli

BY JULIE HAMILTON

ALL the flavour of summertime is contained in Le Grand Aioli, a very special one-course meal. You can display your gardening and grilling skills by grilling every available fresh vegetable.

The secret of the meal's success is in the aioli. Legend has it that garlic is a protection against vampires; in our family we have reason to believe that it prevents the spread of colds and flu; in many homes it is a misunderstood and wrongly feared vegetable.

It is not true that garlic dominates more delicate

flavours. Taste aioli sauce by itself and it may well sting the tongue in a disagreeable way, but taste it with any vegetable, fish or cold meat and you will find that it complements and brings out the flavour of all it accompanies.

The aioli sauce arrives on the table piled high in a bowl, placed in the centre of a very large flat serving dish and surrounded by the vegetables. In another dish, the whole fish lies in a bed of parsley. No starter is required, but a fresh-tasting dessert would be a mixture of blackberries and raspberries in equal quantities soaked in, and de-iced and generously sprinkled with angostura bitters.

Since the quantity of vegetables required will vary according to how many varieties you have grown or can buy, there is no point in giving specific weights. Some of the vegetables can be served raw, the rest should simply be cooked, in salted water (no butter) and served cold. If you prefer, you can serve the cooked vegetables hot.

Aioli sauce — serves 8

2 cloves garlic per person; 3 egg yolks (and one in reserve in case the aioli should curdle, which is not uncommon because such a quantity of garlic will thin the yolks); at least one pint of very best olive oil; 1 teaspoon lemon juice.

Crush the peeled garlic to a pulp in a mortar with a little salt. Add the egg yolks and beat vigorously with a wooden spoon. Add the oil drop by drop; this cannot be done too slowly. As you increase the speed of the oil flow when you have used half of it, but now there is a much greater risk of curdling as the garlic dilutes the egg yolks. When you have used all the oil, stir in the lemon. The aioli sauce should be shiny, golden and almost solid, holding its form when piled high in the mortar or a wooden salad bowl. If it will not hold its form, add more oil until it does.

The fish

The ideal fish to serve with the aioli sauce is a bass, weighing about 4 lbs. If you cannot get one, a codling or a sea bream will do as well. Do not worry if you do not have a fish poacher in which to cook it in a court-bouillon. Thoroughly grease a large piece of tin foil. Rub salt all over the fish, inside and out. Then rub lemon juice all over. Place the fish in the centre of the tin foil and fold it up to seal it, leaving the fish fairly free inside; try not to let the foil cling too closely to the fish. Place in a baking tin, or on a baking tray, and put in a pre-heated oven (gas mark 6, 400°F) for approximately 30 minutes. Let the fish cool in the foil then place it on a large bed of parsley and decorate with fresh unpeeled prawns.

Raspberry and strawberry meringue cream — serves 8 to 10

If you are serving Le Grand Aioli as a celebratory dinner, this would make a rather special dessert. It is not quite a pavlova, nor is it quite like ordinary meringue. The inside should resemble creamy marshmallow while the outside should slightly turn in colour.

1 lb strawberries; 1 lb raspberries (half the strawberries and raspberries could be frozen or mushy); 1 pint double cream; 6 tablespoons icing sugar; 6 egg whites; 1 lb or caster sugar.

Whisk the egg whites with a pinch of salt until very stiff. Slowly add half the sugar and whisk for at least two minutes, then fold in the rest of the sugar with a metal spoon. Grease a figure of 8 on a flat serving

EUROBONDS

The Association of International Bond Dealers Quotations and Yields appears monthly in the Financial Times.

It will be published in an eight-page format on the following dates in the remainder of 1979:

- August 13
- September 10
- October 15
- November 12
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ARTS

Arthurian legends

At this time of year it becomes quite a problem to find something to review on radio that has not been heard before. Seasonally the size of the audience tends to dwindle as people go away on holiday and producers are reluctant to unveil their new goodies until the autumn leaves begin to fall. I have no strong religious objection to repeats as such; they permit one to catch up on past commissions and if you happen to be the one who receives the programme you receive a further fee without any further work. A rare but pleasant experience.

RADIO ANTHONY CURTIS

(Radio 3, July 31). Like the hero of A. Reynolds his exotic sayings was all done in the hand. Waley, who was heard in extracts taken from recordings made before his death in 1966, attempted to justify this by saying that a visit to modern China which had disturbed the picture he had of his classical past and even have blurred the purity of his translations.

He represented a supreme example of the sedentary scholar who only ever moves from his pad to spend long hours in the great copyright library. Compare L. S. Lewis who, knowing more about Greek literature than most men, only ever once went briefly to Greece. Waley's boundaries were Bloomsbury and the British Museum where he was an official for many years in the Department of Oriental Texts and Documents. In his declining years they were extended as far as Highgate.

Clearly he had the most remarkable aura of dedication and erudition without ever actually saying anything particularly memorable. It seemed, in conversation, some people found conversation with him quite stilted in spite of this he inspired great affection as well as respect in scholars of

a different generation like Carmen Blacker, and in Bloomsbury neighbours like Naomi Lewis, both of whom were most perceptive.

The two ladies in his life, Beryl de Zoete, the expert on Oriental dance, and Alison Grant Robinson, the New Zealander he met when she was a student and who officially became his wife in the last month of his life, were both featured. So were a host of eminent friends whose names read like a contents list to a number of Horizons. Kenneth Clark hazarded the opinion that apart from Virginia Woolf, Waley was the one member of the Bloomsbury circle whose work would live. Choice examples of the work were read in both Chinese and Japanese and in English, some times by Waley himself, a clear solemn enunciator.

It was not possible to go at all deeply in the time into the nature of the work and the revolution in understanding it produced, but there were helpful comments about it from people like Raymond Mortimer and Peter Quennell. William Empson compared English versions of the same Chinese poem by Waley and Ezra Pound, not by any means to the advantage of the latter. I was not entirely happy about the flute music improvised by Keith Thompson to break up the talk; it smacked rather of the mysterious east. However, both the compiler and the producer, Piers Plowright, are to be commended for their labour of love that went into the portrait. Many different facets of this remarkable man were touched upon and the final tape transmitted must have required hours of patient editing.

American listeners envy our Radios 3 and 4 which provides a regular flow of such urbane programming. Radio drama at all levels is a rarity for them. However, they do have something rejoicing in the name of "Earplay"—the radio drama production centre for public broadcasting in the U.S.A.

Sometimes Earplay work is transmitted on Radio 3 when it is a joy for British listeners to hear American characters speak with American accents. In *Ladyhouse Blues* by Kevin O'Morrison (Radio 3, July 29) they were those of the Deep South where a mother and her daughters await the return in 1919 of the son of the house from war service. This was forceful old-fashioned dramatic school of O'Neill. A nice change.

Peter De Wint at Cambridge

To the summit of English watercolour painting, Peter De Wint is one of the handful of artists who can be mentioned in the same breath as Turner, Girtin and Cotman. That he is less familiar to the public than these is sufficient justification for his drawings and watercolours, organised by the Fitzwilliam Museum, Cambridge, and the Arts Council.

ART BRIONY LLEWELLYN

His life, like his work, was not often dramatic, but one of modest but steady success. He was born in 1784, the fourth son of a doctor of Dutch extraction who had married a Scottish girl and settled in Staffordshire. After an apprenticeship of only four years to the mezzotint engraver John Raphael Smith, he set up independently in Broad Street, Golden Square, with his friend, fellow pupil and future brother-in-law William Hillier. From here he came into contact with John Varley, and through Dr. Monro's school work of Girtin and Cotman—influences evident throughout his work, but most clearly in the early watercolours such as the Westminster, in the exhibition. Surprisingly, in view of his obvious empathy with the country, London, rendered in his honours throughout his life, although several months each year were spent sketching and teaching drawing in many parts of England and Wales, especially in Lincoln, his wife's home town.

The regularity of his existence might have produced monotony in his work, but, as this exhibition admirably reveals, his scope was far from narrow, and includes figure studies, still-lives and street scenes, as well as landscapes. Although his work defies accurate dating, the 120 odd pictures have been hung around the few chronological pegs which do exist, and within this they have been grouped according to subject matter, juxtaposing different technical approaches to similar objects. The general criteria for David Scrase's selection of the exhibits, given the excellence of the Fitzwilliam's own collection, was good quality and good condition, but in the interests of showing a cross section of all aspects of his work, such exceptions as the highly finished and mannered *View of the West Front of Lincoln Cathedral*, from the *Castle Hill*, and the somewhat faded, but signed and dated, *Scoby Mill near Scarborough*, have been given a place. As compensation among the commissioned or exhibition pieces are *Cookham on the Thames* and



'Windmill and Boatman' by Peter De Wint

On the Dorset, his latest work, which though carefully composed show a remarkable breadth of light and shade and are glorious watery representations of an English river scene. But a large part of the exhibition consists of those sketches from nature made for himself. Such are *Casparly Castle*, *A Seascope*, and *The Clec Hill, Shropshire*, all achieving complex atmospheric effects with often unexpected colours applied on thick paper with a wet brush. Indeed De Wint's use of colour is perhaps his most original contribution to English watercolour painting and often has a Post-Impressionist audacity which few of his contemporaries would have dared emulate. Often a predominantly grey, brown or green scene is transformed by a breathtaking touch of vermilion, purple lake or Indian red: on a girl's shirt, a boatman's cap, as in *Windmill and Boatman*, a river bank, as in *Torksey Castle on the Trent*,

Lincolnshire, or on the side of a garbled tree, as in the Cézanneque *Study of Trees at Louther*. The exhibition is at the Fitzwilliam Museum, Cambridge until August 19, and will then travel to Southampton, Stoke-on-Trent, Nottingham and Bolton.

An extra plum for admirers of Peter De Wint appears at the end of September in the form of an exhibition of over 80 of his pictures, mostly for sale, at Andrew Wylie's gallery, 3 Cork Street, W1. It is a more informal display than the Fitzwilliam one, having few "grand" drawings, but complementing it in the strength of its quick, brilliant sketches of trees, flowers, boats, cows and rural scenes, and unlike the Fitzwilliam, including four oil sketches. Pride of place is given to the watercolour, *Motlock Fish Tor from the South*, dominated by cool, blue tones, and a marvellous example of the artist's mature style.

Plans for Wilton's Music Hall

The London Music Hall Protection Society took advantage of Liz Minelli's presence in London to revive interest in its scheme to turn the city's only Music Hall, Wilton's into the National Centre of Variety Entertainment.

On Thursday, Miss Minelli hosted a gala dinner at the Grosvenor to promote Wilton's cause. The society is seeking \$800,000 to refurbish Wilton's in its original splendour although, once opened, it will provide contemporary entertainment.

Taking the Mickey

We all know that the main sales season has finished but did Sotheby's have to tip the lid with its sale in Belgravia yesterday of a Mickey Mouse to Knowles at \$500? The clockwork toy dressed in yellow shorts and gloves wearing orange shoes and a toothy grin and the mechanism "causing Mickey to show his tongue and roll his eyes." The sad news is that the toy "has become rusted, looking flat, paint scratched, ear bent. Well, it was made in America about 1930.

A Gentleman's three-piece suit in corded rust red brocade, with a rose, lady diamond tressis and blue sprigs (and a spare pair of breeches) went for £1,750.

SALEROOM PAMELA JUDGE

The Victoria and Albert Museum was on the prowl in the same house's large rooms and for £55 bought Mrs. Charles Creed's wedding dress, when Patricia Cunningham married courtyer Charles Creed in 1948 her wedding dress came from Molyneux—as many of the clothes were made for Mrs. Creed they are not marked with sizes but vary from 10 to 14 1/2.

On Wednesday Phillips Marjoleine sold a locomotive for \$3,000. The \$16,500 lot she started the sale, which went to a private collector, was the 5 in gauge "live" steam model of a London North-Eastern Railway Class A4 steam locomotive. It was scratch-built (i.e. not from a kit) and is in the correct livery of Garter blue with maroon wheels. A fine gauge LNER Class E2 engine by H. C. Ireland went for £1,400.

TV RATINGS w/e 29 July

Table with TV ratings for various channels and programs, including UK TOP 20 and US TOP 20.

CHESS SOLUTIONS

Solution to Problem No. 279: 1.R-R4, N-R4; 2.RxN, R-R3; 3.B-K4, N-N3; 4.NxP, Ex-R3, 5.QxN ch, K-R1; 6.Q-R mate.

WEEKEND CHOICE

SATURDAY—Sport and some interesting movies having their first showing on British TV annulate the weekend. Today The European Athletics Cup Final is on both BBC1 (4.30) and ITV (4.40). The Second Test is on BBC1 this morning and BBC2 in the afternoon and evening. BBC1 shows the first part of Hans Syberberg's much discussed seven-hour film Hitler and BBC2 gives a first showing to a 40-year-old Karlh/Lugosi horror movie, Black Friday.

SUNDAY—Athletics again at 4.15 on ITV and 4.30 on BBC1. After Sebastian Coe's recent astonishing records no doubt many will watch him in today's 800 metres. Face The Music returns to BBC2 at 9.00 with Joseph Cooper, Joyce Grenfell, Bernard Levin and Robin Ray. BBC2 offers another "first showing" at 11.05 with Charol's Ten Days Wonder, adapted from an Eilley Queen novel and starring Orson Welles and Anthony Perkins—C.D.

Advertisement for BBC 1 and BBC 2, listing various programs and their broadcast times.

Advertisement for various regional and national TV channels including BBC 1, BBC 2, and others.

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Large advertisement for Wilton's Music Hall, detailing the renovation plans and the society's goals.

Advertisement for the National Theatre, listing various plays and performances.

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Saturday August 4 1979

Profitless prosperity

IT WAS NOT very long ago that a rise in the reserves was regarded as a rare and hopeful piece of news. But the sharp rise in the gold and currency reserves announced this week was a sign of the extremely powerful upward pressures on sterling which are causing concern in the British industry. Indeed the fact that the reserves should have risen so much at a time when official policy is meant to be one of only temporary short-term intervention to smooth out fluctuations is itself notable. It might be inclined to say "some smoothing".

Not there is no new rule that sterling must always rise. In the very same week that the high reserve figures were announced for July, sterling took its first major knock for several months. Although it is still higher than any forecaster at the beginning of the year expected, it has, in fact, been wiped out. The odds are nevertheless that we have not yet seen a decisive turnaround in the pound.

Sterling
For in contrast to past experience the mini-boom that we have had so far in 1979 has accentuated the upward pressures on sterling. The much-forecast recession has been remarkably slow in coming. Banks still report high loan demand. Consumer spending has been extremely high. There are the effects of income-tax reduction still to come in this quarter; and it is only in this July that there have been slight signs of weakening in the vacancy figures. The labour market is still tighter than when the Labour Government checked public spending and tightened monetary control in 1978.

If the authorities are operating a tight money supply target against a background of both rising real activity and an accelerating rise in prices, the result is bound to be high interest rates and a tight squeeze on credit. The effect is to draw funds into London and discourage the extension of credit overseas. The tightness of the real squeeze on credit is probably just as important as

the oil balance in accounting for sterling's strength. Although 1979 has seen domestic prosperity of sorts, it has been a pretty profitless one. The main feature of last Wednesday's NEDC meeting was the estimate presented showing a large decline in the real rate of return on capital. The CBI expects the return this year in fall to 3 per cent or less (excluding North Sea oil), help even the record low of 1975. There has been a trend fall in the rate of return in many countries; but it has been more consistently downwards and reached lower levels in the UK.

In view of these results there is little to be gained from the crude subsidy of investment which has passed for industrial policy in so many countries. As the NEDC Director General showed, the ratio of investment to output in the UK is not low by international standards.

Targets
Nor is an answer to be found in abandoning the monetary targets or trying to engineer a sterling depreciation. This would be at best a temporary "fix" which would in the end just lead to more inflation without bringing any permanent improvement to profitability. It might help if fiscal policy were a little tighter and the Government were a less active competitor for available funds. But in the end profitability will be restored to international levels only if the Government contemplates to dismantle the exchange controls which allowed such discrepancies to accumulate between the rate of return here and overseas.

In addition, the more competitive international environment should feed through into wage costs. The whole concept of an automatic annual wage round belongs to an inflationary world with a depreciating pound. In today's circumstances there is no justification for real annual wage increases except in return for genuine productivity improvements. The scope for such improvements, in comparison to Britain's main competitors, is so large that there is room both for higher profits and higher living standards—even in a harsh world climate—if management and workers appreciate this.

FT Moscow man

WE ARE happy to be able to tell our readers that the Soviet authorities have decided to renew Mr. David Satter's accreditation as our Moscow Correspondent for a further six months. We trust that the extension of his accreditation means that Mr.

Satter will be given the full facilities available to every other correspondent in Moscow, and assume that he will suffer no interference in carrying out his duties. Mr. Satter, in whom we have the fullest confidence, must now be allowed to get on with his job in the normal manner.

Letters to the Editor

Landlords
From Mr W. Dingley
Sir—Your statement in the leader of July 26 which said that the virtual disappearance of the private rented sector was due to the fact that would-be owner-occupiers can always out-bid would-be landlords, amazes me.
I think that nothing can be further from the truth. The main reason that the would-be owner-occupier can out-bid would-be landlords is surely due to the fact that would-be landlords cannot gain any form of economic return from rented property.
Until the change in law covering furnished property, there was a reasonable amount of furnished property to be had for letting. Since protection for the landlord was removed, there has been a total drying-up of even the furnished sector. If you wish to see rented property coming back for residential purposes, then the only way would be to allow freedom of rents, as in the case of commercial properties.
I have yet to see anywhere where would-be owner-occupiers are able to out-bid would-be landlords, except where the would-be owner-occupier happens to be a financial institution.
If it were profitable for landlords to own residential rented property, then they would be able to compete with owner-occupiers. Sensible policies are required by both parties on the question of residential accommodation, but the removal of the legal ban against the landlord of residential accommodation must be one of the first steps to be taken.
You might also have mentioned the amount of rent arrears which have built up in the London boroughs on council house estates, as this fact will certainly not generate much support for the extension of the council house building programme which, incidentally, will be paid for by the would-be

WE WERE three at table, sitting discussing the ways of the travel world. On my right, the owner of a comfortable four-star hotel which has somehow managed to keep a local air about it and still gets most of its custom from the British, and on my left a main Board director of a somewhat grander group with London properties which lean very heavily on the American market. As the jubilation of one man increased ("wonderful year, old chap, my people have got money again, even asking for separate rooms with baths for the kids") so the other lapsed deeper into silence.
The British travel business has had one of its periodic upsets this year, but the death notices may have been a little premature. While the bar takings on the Park Lane strip may have been a bit thin this summer, elsewhere there is not total gloom. Some people, the holiday camp owners, for example, may have had their fattest season for years.

Four events combined to give the British travel industry a shaky start to the season. Just as everyone was dusting off the dressing tables and checking on the gin supplies, so the blows fell one by one. Talk of world recession started to hit international consumer confidence; the fuel crisis produced petrol queues from Hollywood to Hampshire; the dollar went into a downward spiral; and then the DC-10, the basic jet for trans-Atlantic charter traffic, were grounded. Against this background the strength of sterling, in comparison with some European currencies, was almost incidental.

In cold print all that sounds like a recipe for total disaster. Indeed, for the Irish, who also had a communications strike in full swing, disastrous it proved to be. In Britain, however, the impact has been locally severe but nationally nowhere near as bad as it might have been. The mini-boom in travel abroad by UK residents may mean that the British travel balance of payments will narrow, but we should still end the year in the black.

Vacancy signs

This is, of course, cold comfort to those who have been badly caught by this year's problems. By far the worst hit have been the extremities of the nation—the West, North Wales and Scotland. As trouble hit so the tourists withdrew to those regions where the car was not a necessity and where home or airport was not a train-ride away. Last weekend, when there were only a few in the rain to poll an otherwise hating late July, the sleepy little town of



Signs of the times—vacancy notices at Brighton

Liangoff seemed almost bereft of his usual throngs of tourists. "Vacancy" signs hung sadiy over the potted plants in window after window of bed-and-breakfast houses usually bustling with eager mountain walkers and fishermen. In the prize-winning Canal museum the few visitors could linger undisturbed and outside, on the spectacular canal itself, the horses which normally haul tourist-filled narrow-boats on scenic trips were happily facing lighter loads.

All along the A5, a narrow winding road once it goes over the border from England, petrol stations were touting for business throughout the weekend, here and there sprouting "No Limit" signs to tempt the thin passing trade. It is all too late, of course. The school holidays are well under way, travel decisions have been taken, and the die is cast for the summer of 79.

And yet both Britain's hotel giants, Trust House Forte and Grand Metropolitan, reckon they are on target for this year. In both cases the target was for a rise in the volume of business over last year. As if echoing each other they said: "We saw this coming. Of course, the American market was turning sour. We moved our marketing effort elsewhere and it has paid off."
At first sight that looks like a bit of whistling in the dark—it is good for both staff morale and the share price. Against that, however, is the evidence that both are telling unconvincingly similar stories: of a slight decline in traffic in London (that a hardening of prices to make up for it), a few percentage points improvement in provin-

cial business, and the fact that Sir Charles Forte can actually say he warned about it three years ago.

Speaking as the then chairman of the British Hotels Restaurants and Catering Association, Sir Charles said: "Quite simply tourism is still riding on the back of a falling pound. Britain's hotels, restaurants, shops and theatres are cheaper to foreign visitors than they are to her own people. But, if this country is to prosper, sterling must harden in the international money markets. It is this association's concern that the country's tourist industry is soundly structured in preparation for the hard sell to come."

Package problems

What Forte's own organisation has done is to switch some sales emphasis away from the U.S. to other areas; to reduce the reliance of some hotels on package groups, particularly American; and to struggle above all to hold margins. Group business is the backbone of many hotels and the industry at its present size would find it very difficult to do without it. However, groups have their disadvantages. When times are very good they fill hotel rooms that could be sold at a much higher price to casual passing trade; when times are bad group organisers tie hoteliers down to rock-bottom prices which can affect the general standard of the hotel.

Getting out of the package tour business is not easy, but some London hotels seem to have done it to a degree, helped

considerably by the boom years of 1977 and 1978.

Those same boom years gave hoteliers a chance to increase their real room rates (as opposed to the full, advertised rates) by considerable amounts. London hotel prices rose on average by 30 per cent in 1977 (according to Green, Belfield-Smith and Company) and by a further 16 per cent last year. But added to this must be the fact that many more people were paying the full rate and not getting discounts. This enabled profits in 1977 to rise by a spectacular 48 per cent.

No one seems to be suggesting that 1979 is going to see another upswing in profitability, but some people may emerge relatively unscathed. The hoteliers, stately home owners and restaurateurs who are at risk are those with a high proportion of rural properties at a distance from major conurbations, and particularly those operations which rely on a high traffic flow.

All this led estate agents Druce and Company recently to take a somewhat cool view of the selling price of hotels in the coming winter. Lately the market has been tight to say the least. There is many an international hotelier eager to find a property, almost any property, which appears delighted with its acquisition of Centre Hotels, and THF, whose purchase of such properties as the Cumberland and the Strand Palace hotels from an ailing J. Lyons proved to be the hotel coup of the 1970s. If any of the de luxe modern hotels came on the market, then a dozen U.S.-based operators would jump on the bidders, notably Marriott and Sberston, both of whom would like Hilton/Intercon-

VAT review demand

It is hardly surprising, therefore, that the hotel industry, like the theatre world, is very keen to see the VAT situation eased, even although most people in the industry see little hope of success in the campaign.

"We say bluntly to the Government that if they want to maintain the status of tourism as the largest earner of foreign currency, vital to our balance of payments, they must review the application of a 15 per cent VAT on foreign visitors' bills at the earliest possible moment."

So said the present chairman of the BHRCA, Mr. Douglas Barrington, recently. His point is that if visitors can reclaim the VAT on clothes and souvenirs if they take them out of the country, they should be able to do so with hotel accounts.

In fact, due to a small clause in the rules, some visitors will indeed be paying a lower VAT rate, and it is a rule which British companies could exploit as well. VAT need not be charged on the whole bill if a room is booked for 28 days or more, since this is regarded as a permanent residence rather than a holiday let. In effect the VAT rate is reduced to about 3 per cent. Thus foreign travel agencies which book rooms for long periods, but use them for different clients, avoid the full weight of VAT.
What the industry is after, however, is something of a more permanent nature. Meanwhile the travel industry as a whole will be hoping that the dear star to perk up a little, that no one else pulls the plug on oil supplies, and that the world's wide bodied jets stay safely up in the air.

Hotel coup of decade

It is just that sort of problem which benefits the hotelier with more muscle and perhaps more patience. Likely buyers, if the price is right, in such a situation include the Coral group, which appears delighted with its acquisition of Centre Hotels, and THF, whose purchase of such properties as the Cumberland and the Strand Palace hotels from an ailing J. Lyons proved to be the hotel coup of the 1970s. If any of the de luxe modern hotels came on the market, then a dozen U.S.-based operators would jump on the bidders, notably Marriott and Sberston, both of whom would like Hilton/Intercon-

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Simply fill in the coupon below, send it to us and we will forward you full details of the Plan together with information on the range of Gartmore unit trusts.
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The problems of the great New Town property sale

BY CHRISTINE MOIR

IN ITS bid to reduce both State ownership and Government borrowings, the new Government wasted no time in heralding the public auctions of bits of BP, British Airways, the National Oil Corporation, British Aerospace and parts of the National Enterprise Board. Now it has turned its attention to the assets locked up in the Town Development Corporations.

In so doing it has highlighted just how immense a role post-war governments have played in property development and investment. There are 28 New Towns in England, Scotland and Wales and a further four in Northern Ireland. They span a period of three decades, starting with Stevenage in 1946. The latest to be designated was Central Lancashire in 1970, though two more have been considered and abandoned since then.

Between the corporations, set up under a special act of Parliament to combat the uncontrollable sprawl in the main conurbations, have built nearly 93m square feet of factories and about 13m square feet of offices and a similar area of shopping centres. The funds for these massive development projects have come from the Treasury by way of 60-year loans at fixed rates of interest. In the early years the interest on the loans is capitalised, until such time as rents from the factories and other buildings produce a revenue surplus which is then applied to further building and to repaying the loans. As at the end of March last year (the latest figures available) the total loans still outstanding to the 28 towns amounted to £2,350m.

Against these loans must be set the assets. The 21 New Towns in England alone have already completed development programmes which have left them with properties worth at least £650m today at a conservative estimate. That takes into account the fact that some of the properties were built to fulfil social needs not commercial criteria. And that figure is only the tip of the iceberg. Beyond it there is the value of the undeveloped land and the current development programmes—5m square feet of factories and 1m square feet of office space, for instance. In the end the value of the total assets is likely to show a massive surplus over the original loans.

This is the balance sheet which the Government has currently been studying. Under existing legislation the New Town Development Corporations have to divest themselves of the houses they build—as they are completed and let—to the local authorities which also take on the debts associated with them and the responsibility of repaying them within the 60-year period.

Rental income
The commercial property assets, however, stay with the corporation producing (it is hoped) a rental income which will help fund further development, until the new town has reached its target size and the corporation is dissolved. At that stage the assets (and the accompanying debts) are handed over to the New Towns Commission—a body whose role has evolved from the early days when it was simply the development authority for the first generation of New Towns. The New Towns Commission

already owns the assets of four of the earliest towns: Hemel Hempstead, Crawley, Welwyn Garden City and Hatfield. Their current value is thought to be at least £130m and the report and accounts for the year to March last year show that they produced a rent roll of £5.8m. This has grown from £2.7m 10 years ago. Indeed the New Towns Commission has been self-financing since 1970. It has at present revenue reserves of £10m which are earmarked for further development where necessary and for repaying the £90m or so still outstanding of the original £112m of loans from the Government to the four towns.

During the next five years the Commission will have acquired the assets of another nine New Towns, three of them—Corby, Stevenage and Harlow—next year, and Runcorn, Brackley, Redditch, Watlington, Basildon and Skelmersdale between then and April 1984. By then the revenue surpluses of the Commission should have swollen to the extent that it will be able to make frequent and substantial repayments of tranches of the original loans.

However, the Government is not prepared to wait another five years. Nor is it content with just receiving the revenue from the assets which the Commission will be managing by then. It has opted instead for a quick sale of the underlying assets themselves. This year the New Towns have been told to raise £100m through property sales. Next year the figure could be even higher. The argument behind the sale is clear. First, the Government is committed to a fast and dramatic reduction in State borrowings. The sum it can raise through the New Towns

sale is comparable to the proceeds of floating British Airways as a public company. Secondly, the sales are another visible sign that this Government means what it says about reducing State ownership of the country's assets. The assets it proposes to sell are pure investments. They are not risky developments still in the course of erection but prime properties which the public (through pension funds and insurance companies) would want to own.

In addition, the sale of the assets now gets neatly round the problem of their management in later years. The New Town Commission does not have the characteristics of a property investment company with a commercial interest in maximising the value of the assets. It is to receive as the New Towns mature.

And yet the day is not far off when the Commission will have a portfolio of investments in properties to rival in size that of Land Securities Investment Trust, the largest of the UK quoted property companies. It is not inappropriate to ask whether the Commission can ever acquire Land Securities' expertise in managing such a portfolio. The Government announced last week in the House of Commons that "the future of the Commission is being considered." Its transformation into a property investment company must be one of the options. Without a doubt the sales will also diminish the role of the development corporations. And that would be a pity with the times. Even under the last Government priorities had changed. Instead of encouraging commerce, industry and people to leave the ageing

centres of the great cities for the green fields and garden cities of the New Towns, the Labour Government turned to rejuvenating the inner cities and to wooing industry back to them. To continue this policy while the New Town corporations just outside the boundaries of cities like Liverpool and Manchester retained all their incentives was an obvious anomaly. In ordering them to sell off their prime assets the new Government is making a step in the direction of removing the anomaly. Reinforcement of the previous Government's curtailment of their borrowing powers—and therefore their ability to continue development at the same pace—is the corollary.

Portfolios
But there is some doubt about whether an auction of 15 per cent or so of the New Towns' assets is the best solution to the problem. The Government estimated correctly that there will be ready buyers for the properties. But this will be true only if they are the plums of the portfolios of all the 21 New Towns in England. If the catalogue comprised a selection of vacant factories in Runcorn, Skelmersdale and Corby there would simply be no takers. By ordering the corporations and the Commission to reach a target of £100m the Government is thereby forcing them to put their best properties on the market—the prime offices in the best tenants' shopping centres where every unit bears the name of a national multiple chain. After the auction the estates officers of the New Towns, together with their counterparts in the country's main firms of

chartered surveyors, fear that the portfolios will be nothing but a rag bag of properties which cost money to maintain and have no real value. As a result minds are hurriedly being heated to finding other solutions. One possibility would be to recreate the New Towns Commission as a publicly quoted property investment company. Shares could be issued on the basis of the current value of the properties it now controls together with the stream of income from them. The latest report and accounts show surpluses both on the revenue and the capital account—more than can be said of some private sector property groups. Furthermore, under existing legislation, the Commission owns the rights to the future assets of another nine New Towns—worth at least a further £200m at present day prices—within the next five years. These future benefits could either be discounted in the issue price or paid for by shareholders (through a rights issue perhaps) as they materialised. The flotation would cause a number of headaches, however, including the question of the Commission's lack of management experience. It might also be greeted with scepticism by a market which does not put too high a value on future benefits. Another alternative, which has won rather more favour with property men, is a Trust for Sale. Under such a system each New Town (or a group of three or four of them together) would re-form itself as a Trust. The Trustees could then float off a unit trust or a limited liability company or a property bond—or any mixture of the three—the assets of which would be a right to a proportion of the



future income from the trust. The attractions of such a trust are its flexibility and its ability to preserve some portion of the equity and income for the original owner, namely the State through the trustees. It could also permit the trustees to create a mixed package which would appeal at one and the same time to pension funds, which prefer a tax free unit trust to maximise their special tax status; to insurance companies which could bring the dividends from a limited company into their revenue accounts; and to the local citizens who could hold bonds in their own town based on its future growth. The other—and more important—advantage is that it would solve the problem of unwanted properties. Instead of being able to pick out only the plums as under the proposed auction of assets scheme, and leave alone the less desirable properties, investors would be forced to take the package as it stood. Good and bad together. For this reason it might be better to group several of the towns together—Northampton, say, with Peterborough and some towns, particularly those closer to London, are likely to prove more attractive than others. The issue of bonds, units or shares in one might be snapped up. Another might fail dimly. There may be other options. The problem for the Government to ponder is whether the sale of assets today, however attractive as a one-off capital bonus, is the best solution.

Weekend Brief

The war that hits the Junkies

THE effects of the tribal rebellion in Afghanistan against the pro-Soviet government of President Nur Mohammed Taraki could soon be felt on the streets of the major cities of Europe and North America. This unlikely connection is because much of the heroin fighting has been taking place in Eastern Afghanistan, bordering Pakistan, and each year this territory has the world's biggest opium harvest. Experts suggest that the crop is even bigger than that of a similar anarchic part of the world—the so-called golden triangle where Laos, Thailand and Burma meet—and where local warlords are already wedded into the international drug trade. In Pakistan, refugees from Afghanistan are thought to have started dealing in drugs as a way of financing their insurgency. There are more than 150,000 refugees from Afghanistan in camps along the Pakistan border. The Islamabad government is trying to provide food and tents for them at \$20 per head per month, but can scarcely afford to do so. The opium trade is a very convenient source of revenue. On the streets of New York a pinch of heroin, one of the processed derivatives, is worth \$25. Since experts estimate that between 200 and 400 tons of opium is illegally exported from Pakistan each year it is not hard to see that it is a very lucrative trade. In fact, it is so all harvested, efficiently processed and diluted with sugar properly, Pakistan's opium crop would be worth over \$50bn.

It is very difficult for Pakistan to control even the comparatively un sophisticated trade which now takes place. It leaves the country's opium by camel or donkey caravans by the Karachi or through the airports. Possession and dealing in opium is illegal but the trade has been going on for centuries and in the hills bordering Afghanistan, the power of Pakistani law is limited. The very border of the north west frontier is split up into tribal areas where the local tribes administer their own law. If the Afghan tribal rebellion leads to open border conflict between President Taraki's regime and Pakistan's own tribes, Islamabad's efforts to police the drugs trade could be set back by several years.

In comes a gentle persuader

Allright sounds like the kind of name an adman dreamed up for his client's new brand of toothpaste. It is in fact the name of a research, albeit a research with strong advertising connotations. Allright's owner, well, half-owner, is Ann Burdus, chairman of McCann and Company, one of

The distant civil war that will hit the seedier side of western life... Mr. Walker's likeable adviser... The poverty of Iona... Bonn learns to live with expansion.

Britain's largest advertising agencies, and a member of Peter Walker's newly appointed committee for the promotion of British agriculture. Burdus has long been interested in horses and had an interest in two of them prior to her posting to McCann's headquarters in New York early in 1978. While in New York she sold one and was thinking seriously about selling Allright as well.

It seemed fairly pointless to be living in New York and own a racehorse in London. I was about to sell my interest in Allright when it quite suddenly was transferred back here, as chairman of McCann in the UK. The weekend I arrived back Allright won at Chichester, so I was quite pleased I hadn't sold my share. Although her knowledge of horseteak could well prove superfluous in her new role as a member of the agriculture promotion committee, her comprehensive knowledge of the food industry will stand her in good stead.

As chairman of McCann's she has overseen advertising for the Milk Marketing Board, the Eggs Authority and the Cheese Information Service, as well as campaigns for two major grocery retail chains, giving her a comprehensive view of the food market from producer through to consumer. More than most of her colleagues Burdus is aware of the need to ask the customer what she wants from a product. She started out in advertising working as a part-time interviewer for a research company visiting housewives in their homes to monitor their reactions to various consumer products. "I trained as a psychologist and was working in a hospital in Durham when a woman from Marplan, the research company, asked me if I would do some research interviewing for her. I found the interviewing much more interesting than the clinical psychology so in 1960 packed by bags and came to London to look for a job in an advertising agency."

Burdus joined Ogilvy Benson and Mather to run their motivational and attitudinal research division for six years, left to join Gordon (now Satchel) and Sarah Gordon (Compton) as its first woman director, then moved to McCann as director of research. She was appointed vice-chairman in 1975, until her transfer to New York in 1978. "I knew that when I came back to Britain it would be as chairman, but I didn't think it would be so soon. I loved working in New York, all those enormous advertising budgets—\$25m for one product—and I was just about to get my green card. Then suddenly they whisked me back here to take over as chairman when Nigel Grandfield resigned. Talking to Burdus, a slim bright brunette for whom the words impeccably groomed could well have been coined, you understand why the BBC in its current series on the advertising industry has called her *The Persuader*. Burdus acknowledges that the art of persuasion is her keenest skill. "I never shout or get excited," she says in her deceptively dulcet tones. "Gentle persuasion is one of my strongest forces."



Cash crisis for Iona Community

The vow of poverty taken by the medieval monks who founded the first religious settlement on Iona is carried on in the pledge given by the 145 members of the present Iona community to give at least a tenth of their income to the poor and starving. The modern inhabitants of St. Columba's abbey and cathedral and the 250,000 visitors who are drawn there every year are trying to find in the remote Hebridean island something of the peace and spiritual fulfilment that the early Christian saints achieved. Even with today's transport Iona is still isolated—it takes the best part of a day to make the journey from Glasgow by train, bus and two ferries.

But even its position in the Atlantic off the tip of the island of Mull cannot insulate Iona from the cold winds of 20th-century economic reality. The ancient sites were excluded from the sale of the island by the Duke of Argyll six weeks ago and are held in perpetual trust, and the cathedral trustees have had to launch a £500,000 appeal to save the simple stone buildings from decay, which would undo the painstaking restoration work of the past 40 years. The modern community was founded in the depression years of the 1930s by a group of Church of Scotland ministers and unemployed craftsmen from the Govan area of Glasgow. One of them, the Rev. George (now Lord) Macleod, a staunch pacifist from that day to this, obtained £5,000 from shipyard chief Sir James Lithgow, then making a profitable living building warships on the Clyde, and used it to buy building materials. Each summer the craftsmen and clergymen worked side by side to put the ruined buildings back together again. The community is now non-denominational and scattered all over the world, although it meets regularly at Iona, where youth camps, conferences and retreats are held.

Bonn's year of birthdays

For the second time this year Bonn, the "small town in Germany" office unkindly described as a federal village, has a much publicised birthday. That should be enough to swell the few natives' pride. The first one, in May, was to commemorate the day 30 years ago when Bonn was chosen—rather accidentally—as the provisional site of the new Federal government, because Konrad Adenauer had a house at Rheindorf and did not want to move. The second anniversary marks the moment of truth in 1989 when it was finally realised that Bonn was here to stay and thus "greater Bonn" was formed. The new city is the result of the merger of three towns and

eight nearby villages. Some of those communities did not at all relish the idea of losing their independence and demonstrated their feelings by lowering the state flag on their town halls. But centralised they were and even grew to like it. A tube system was designed to the tune of DM 47m, which links up with the rest of the public transport system. The fact that trains run underground for only five kilometres does not detract from its attractiveness. To live up to its reputation of being the greenest capital of Europe, Bonn created a huge park on both banks of the Rhine, and the development of the "baby" "greater Bonn" during its early childhood was not unadulterated bliss. In the course of growing up it acquired a few nasty traits. Reckoned among them are the new black-painted chancellery offices, dubbed by some politicians "the Ministries of Fear" and the cross-shaped buildings housing the ministries near the only pastures—right next to the Government district—where one can still see sheep grazing. The ugly, sterile look of these buildings is not helped by the modern sculpture in front of it, aptly called "the yawning civil servant" by Bonners. Yet, there is no denying that Bonn has certainly improved with size to some extent. Its cultural life has picked up since the authorities introduced the "Bonn summer" in the form of open-air presentations of theatre shows and concerts on the market place every weekend between May and September. Even the night life has improved. While it goes without saying that it cannot compare with Paris, London or New York, the days are certainly gone when newcomers to Bonn were reduced to telling the following joke to describe the grim scene: a stranger arriving at Bonn's provincial train station asks a policeman: "Where is the night life in this town?" The answer: "I am afraid, today is Tuesday, the lady is in Cologne."

Contributors: Simon Henderson, Robyn Wilson, Ray Pearman, Elgin Schroeder.

Economic Diary

TODAY—Lord Carrington, Foreign Secretary, meeting Mr. Joshua Nkomo, leader of Zimbabwe African Peoples' Union, for weekend informal consultations at official residence of President Kenneth Kaunda of Zambia.

MONDAY—Confederation of Shipbuilding and Engineering Unions meeting British Shipbuilders to discuss the corporation's plans for yard closures. Building Societies' house prices

and mortgage statistics (second quarter). Wholesale price index (July provisional). Hire purchase and other instalment credit business (June). Retail sales (June final).

TUESDAY—London clearing banks' monthly statement (mid-July). UK banks' eligible liabilities, reserve assets, reserve ratios and special deposits (mid-July). One-day strike by Pilkington workers in support of pay claim.

WEDNESDAY—Londoo Magistrates Court clerks' pay talks resume.

THURSDAY—Central Government transactions (including borrowing requirements) (July). Provisional figures of vehicle production (July).

FRIDAY—Building Societies' receipts and loans (July). Usable steel production (July). Housing starts and completions (June). House renovations—work completed (second quarter). Slum clearance (second quarter).

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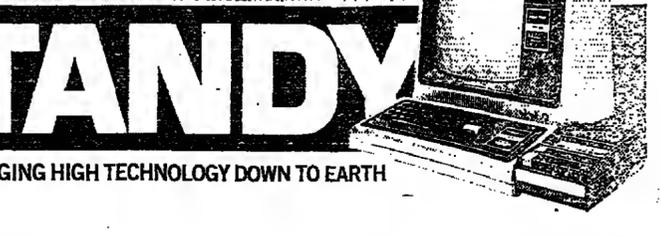
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26 1101 16K Upgrade	£137.36	£105	£120.75	£16.61
26 1003 16K Level I	£668.69	£480	£552.00	£116.69
26 1004 4K Level II	£615.45	£448	£515.20	£100.25
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BRINGING HIGH TECHNOLOGY DOWN TO EARTH

UK COMPANY NEWS

Companies and Markets

Phoenix timber continues recovery with £0.23m rise

A CONTINUED recovery is reported by Phoenix Timber Company in the year to March 31, 1979. After being well down from £20,000 to £40,000 at mid-way the group lifted year-end taxable profits from £11,000 in 1978 to £13,300 on turnover up from £33.5m to £35.6m.

ably helped by a backlog of winter orders. Longer-term, however, the group's heavy dependence on softwood and the absence of a depot network to deliver the home improvement market cast a shadow over its prospects.

Norton and Wright up to £1.3m

AFTER LIFTING midway taxable profits from £1,071,000 to £1,300,000, Norton and Wright Group finished the year to March 31, 1979 with the surplus ahead from £936,826 to £1,290,000.

effectively raised from 0.52p to 0.7p. Last year's adjusted total was 1.5p. It is anticipated that the final dividend for the current year will be increased.

Table with 3 columns: 1978, 1977, 1976. Rows include Sales, Gross revenue, Net revenue, etc.

21% growth for Cray Electronics

WITH turnover showing a 17 per cent increase to £10.68m, pre-tax profits of Cray Electronics advanced by 21 per cent from £605,000 to £730,000 for the year to April 29, 1979.

The directors report that overall the year has been one of general improvement in all divisions, and productivity has improved.

Table with 3 columns: 1978-79, 1977-78, 1976-77. Rows include Turnover, Profit before tax, etc.

British American and General

For the first half of 1979 total gross revenue of British American and General Trust improved from £394,332 to £393,554.

Good start for Tecalemit

Tecalemit's UK-based profits were up to expectations, Mr. Nigel Bennett chairman, told stockholders at the annual meeting.

Results due next week

The impressive profit increase over the past few years at Arrow now seem to have decelerated in a sober 6 or 7 per cent, according to analysts.

Table with 3 columns: Company, Dividend (p), Last year, This year. Lists various companies and their dividend details.

DIVIDENDS ANNOUNCED

Table with 5 columns: Company, Current payment, Date, Correlation, Total last year. Lists dividends for various companies.

Ferguson Industrial first quarter advance

SALES UP from £12.56m in £18.58m and pre-tax profits of £801,000, against £488,000, are reported by Ferguson Industrial Holdings for the first quarter ended May 31, 1979.

Brigray deficit continues

AFTER cutting the loss from £48,000 to £10,000 in the first half, the Brigray Group, clothing and jersey fabric maker, reports a deficit of £3,222 for the year ended April 19, 1979.

Belhaven runs into loss-boardroom shuffle

Belhaven Brewery Group yesterday announced another boardroom shuffle—the second in three weeks—and unveiled losses for the year instead of the expected recovery.

Profit increase for Smith Whitworth

Second half profits from Smith Whitworth came to £31,197 for a total of £94,952 in respect of the year ended March 31, 1979.

Temple Bar Investment

An increased interim dividend of 2.25p (1.5p) and the forecast of a maintained 4p final have already been announced.

IN BRIEF

Table with 3 columns: Company, Dividend (p), Last year, This year. Lists various companies and their dividend details.

BIDS AND DEALS Bestobell not enthusiastic over BTR new terms

BY ANDREW FISHER

BTR came up with an increased £29m offer for Bestobell, the fluid engineering and insulation company, yesterday but continued to meet with a chilly reception.

Redman extends offer but puts in condition on U.S. purchase

Redman Heenan International has extended its 65p per share cash offer, 27.5m, for Wellman Engineering Corporation by five days to August 10.

FINLAS HOLDINGS

Challey Securities has received acceptance of its offer for the ordinary capital of Finlas Holdings in respect of 893,596 shares.

DOLOSWELLA

Doloswella Holdings, a Sri Lanka tea company, aims to come back to the Stock Exchange over-the-counter market with a new acquisition, one director less and changes in the shareholdings.

ASSOCIATES DEAL

On August 1 Hoare Govett bought 50,000 Wellman Corporation at 61p on behalf of an associate in Redman Heenan International.

SHARE STAKES

Burnett and Nalanshah Holdings — Scottish Amicable Life

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FINLAS HOLDINGS

Challey Securities has received acceptance of its offer for the ordinary capital of Finlas Holdings in respect of 893,596 shares.

DOLOSWELLA

Doloswella Holdings, a Sri Lanka tea company, aims to come back to the Stock Exchange over-the-counter market with a new acquisition, one director less and changes in the shareholdings.

ASSOCIATES DEAL

On August 1 Hoare Govett bought 50,000 Wellman Corporation at 61p on behalf of an associate in Redman Heenan International.

SHARE STAKES

Burnett and Nalanshah Holdings — Scottish Amicable Life

Simon Family Not Prepared to Sell

The Simon family which controlled just over 50 per cent of Eveve Holdings, last night let it be known that it was "unwilling to dispose of its shares in response to any offer in present circumstances."

Vickers

Vickers has acquired Medelec for £3m. Medelec specialises in the development and manufacture of electronic equipment for clinical neurophysiology and industrial graphic recording equipment.

Redman extends offer but puts in condition on U.S. purchase

Redman Heenan International has extended its 65p per share cash offer, 27.5m, for Wellman Engineering Corporation by five days to August 10.

SUMMARY OF THE WEEK'S COMPANY NEWS

Take-over bids and deals

Eagle Star made a renewed approach to Bernard Sunley investment Trust... The formal offer from Eagle Star is likely to be at least a couple of months away...

Brentnall Beard (Holdings), the troubled insurance broker, is to dispose of the business of Brentnall Beard and Co...

Table with columns: Company bid for, Value of bid per share, Price before bid, Value of bid, Final Bidder, Acc'd date. Lists companies like Alginat Inds., Bestobell, John Bright, Caplan Profile, etc.

PRELIMINARY RESULTS

Table with columns: Company, Year, Pre-tax profit, Earnings, Dividends. Lists companies like A. K. Engrg., Austin (W. G.), Allen (James), etc.

INTERIM STATEMENTS

Table with columns: Company, Half-year, Pre-tax profit, Interim dividends. Lists companies like Automated Sees., British Vending, City Offices, etc.

Progressive income growth justifies RIT policy

HOPEFUL OF a further income growth in the current year the directors of Rothchild Investment Trust intend to maintain the present role of the company...

Imry hoists dividend to 5.2p

WITH EARNINGS per 25p share rising from 4p to 8.4p for the year to March 31 1979, Imry Property Holdings is raising its dividend from 2.2012p to 5.2p...

Hamersley men vote to end 10-week strike

WORKERS at the Rio Tinto Zinc group's big Hamersley iron ore operations in Western Australia have voted to end the strike which began on May 24...

MINING NEWS

increased substantially, prices were checked by contracts entered into during the recession in the mineral sands industry...

Senior post at IC Gas

Mr. T. M. O'Rourke group finance director of IMPERIAL CONTINENTAL GAS ASSOCIATION is to become a managing director...

Carrington Inv. falls to £65,000. The company's share price fell 15 per cent to 15p on the London Stock Exchange...

Table with columns: 1978-79, 1977-78. Lists financial metrics like Gross rental inc., Property coupings, Net rental income, etc.

THE directors estimate increases in net annual rents arising from properties in the UK on the expiration of rent reviews...

Com. Edison is to finance Phelps Dodge Kitts Michelin profits jump

AGREEMENT IN principle has been reached whereby America's Commonwealth Edison will finance the Canadian subsidiary, finance mine and mill construction at the Kitts and Michelin uranium deposits in Labrador...

Group Lotus broadens business base for 1979

IN HIS annual report Mr. Colin Chapman, chairman of Group Lotus Car Companies, says that 1978 was a year in which the company improved manufacturing efficiency...

Mr. Peter Holland has been appointed group financial controller of CLARE SECURITIES, the parent company of the Clarke housing and construction group...

Helical Bar returns to payments

Following the increase from £55,000 to £65,000 at mid-year, profits before tax of Helical Bar recovered from a depressed £38,200 to £130,000 in the year ended April 23 1978...

LOCAL AUTHORITY BONDS. Every Saturday the Financial Times publishes a table giving details of Local Authority Bonds on offer to the public.

TAX-FREE Income. 11.60% p.a. net of basic rate tax. Equivalent to 16.57% p.a. gross GUARANTEED FOR 3 YEARS.

EUROPEAN OPTIONS EXCHANGE. Table with columns: Symbol, Vol., Last, Bid, Ask, Stock. Lists various options like AMZ C, AMZ O, etc.

LIBERTY LIFE ASSURANCE COMPANY LIMITED. APPLICATION FOR LIBERTY LIFE INCOME BOND. YOUR OPPORTUNITY to join the thousands of investors who are benefiting from the guaranteed income bond offered by Liberty Life.

INSURANCE BASE RATES. Property Goods 114%, Yearlong Guaranteed 124%. CORAL INDEX: Close 455.460.

LIBERTY LIFE ASSURANCE COMPANY LIMITED. BANK RETURN. Liabilities: 1,888,046,142. Assets: 1,888,046,142.

INTEREST 14 1/2% PER ANNUM. FIRST FAVELL FINANCE LTD. 155, E. 17th St., New York, N.Y. 10038.

An Appeal on Behalf of the MAURITIUS CHILD CARE SOCIETY. The Mauritius Child Care Society which has been set up by an Act of Parliament is proposing to establish a Children's Clinic...

BANK RETURN. BANKING DEPARTMENT. Liabilities: 1,888,046,142. Assets: 1,888,046,142. ISSUE DEPARTMENT. Liabilities: 9,650,000,000. Assets: 9,650,000,000.

WORLD STOCK MARKETS

Companies and Markets

Dow easier on profit-taking

INVESTMENT DOLLAR PREMIUM Effective \$2.2693-8 1/2% (24 1/2%)... The Dow Jones Industrial Average lost a modest 1.78 to 846.16...

CANADA—Share prices also displayed a downward bias in Canada in a fairly active trade... The Toronto Composite Index dipped 3.1 to 1,557.5...

DEUTSCHE BAHCOCK were DM 150 higher in Engineering... The market closed the week on a bright note with some good gains occurring in fairly active trading...

PARIS—The market closed the week on a bright note with some good gains occurring in fairly active trading... Best performers included Cetelem, BSN, Saenz-Duval...

HONG KONG—With the market broadly attended after Thursday's closure due to Typhoon Hope and ahead of the long weekend due to next Monday's public holiday, shares generally reacted on light profit-taking... The Hang Seng index receded 8.04 to 608.89.

Indices

Table with columns for indices (Dow Jones, Nikkei, etc.) and their values for various dates (Aug 3, Aug 2, etc.).

Rises and Falls

Table listing various stocks and their price movements (up/down) for the week.

NEW YORK

Table listing various New York stocks and their prices.

STOCK

Table listing various international stocks and their prices.

CANADA

Table listing various Canadian stocks and their prices.

STOCKHOLM

Table listing various Stockholm stocks and their prices.

F.T. CROSSWORD PUZZLE No. 4039. A price of £5 will be given to each of the senders of the first three correct solutions...

Crossword puzzle grid with clues for Down and Across words.

RACING BY DOMINIC WIGAN

Doubts grow over Troy's syndication

SIR MICHAEL SOBELL and his son-in-law, Sir Arnold Weinstock—two of the staunchest supporters of the British racing and breeding industries—made it clear on Wednesday that they want Troy to stand at the Highclere stud of Lord Porchester from next year...

FRIDAY'S ACTIVE STOCKS

Table listing active stocks on Friday with their prices and changes.

GERMANY

Table listing various German stocks and their prices.

AUSTRALIA

Table listing various Australian stocks and their prices.

PARIS

Table listing various Paris stocks and their prices.

GOODWOOD

2.15—Suavity 2.30—Connaught Bridge 3.20—Doozal 3.50—Lucy Lighthouse 4.20—Botanist 4.50—Rivardon 1.30—Touch of Frost 2.00—Laki Lady 2.30—Another Signetree 3.00—Mill Bank 3.30—Base Camp 4.00—Bustilly 4.30—Heddingham Boy

NEWMARKET

1.30—Touch of Frost 2.00—Laki Lady 2.30—Another Signetree 3.00—Mill Bank 3.30—Base Camp 4.00—Bustilly 4.30—Heddingham Boy

SOLUTION TO PUZZLE No. 4038

Solution to crossword puzzle No. 4038, showing the filled-in grid.

SPAIN

Table listing various Spanish stocks and their prices.

TOKYO

Table listing various Tokyo stocks and their prices.

SWITZERLAND

Table listing various Swiss stocks and their prices.

OSLO

Table listing various Norwegian stocks and their prices.

MILAN

Table listing various Italian stocks and their prices.

SOLUTION TO PUZZLE No. 4033

Solution to crossword puzzle No. 4033, showing the filled-in grid.

JOHANNESBURG

Table listing various Johannesburg stocks and their prices.

BRUSSELS/LUXEMBOURG

Table listing various Belgian/Luxembourg stocks and their prices.

AMSTERDAM

Table listing various Dutch stocks and their prices.

VIENNA

Table listing various Austrian stocks and their prices.

STOCKHOLM

Table listing various Stockholm stocks and their prices.

Notes: Overseas prices exclude S. sterling. Belgian dividends are after withholding tax. P/B ratio unless otherwise stated. P/B ratio unless otherwise stated. P/B ratio unless otherwise stated.

INTERNATIONAL COMPANIES and FINANCE

Air New Zealand's profit cut

By Daf Hayward in Wellington. AIR NEW ZEALAND has reported a 6 per cent drop in profit to NZ\$22m (US\$32m) for the year to March 31, despite a 18 per cent jump in total revenue to NZ\$288m (US\$438m).

Sharply increased deficit for Italian steelmaker

BY OUR FINANCIAL STAFF. A SHARP increase in losses is reported for 1978 by Finisider, the Italian state steel company. The consolidated deficit for the year is 1,581bn (474m) compared with 1,501bn in 1977.

Bofors to receive more state cash

By Victor Kayfetz in Stockholm. THE SWEDISH Government is to lend SKr 50m (\$12m) to Bofors. The loan (top up an amount of SKr 200m already in the pipeline and is earmarked for a new drop-forging works.

\$9bn shipments of new computer delayed by IBM

BY DAVID LASCELLES IN NEW YORK. IBM, the computer giant, yesterday announced that it will be delaying shipments of its new System-36 computers by six to nine months.

Dutch papermaker back to loss

BY CHARLES BATCHELOR IN AMSTERDAM. VAN GELDER, the Dutch paper manufacturer, is in the red once again. It has reported a loss for the six months to June 30 of Ft 23.8m (\$11.9m) against a profit of Ft 5.9m in the corresponding period last year.

Argaman doubles profit

By L. Daniel in Tel Aviv. ARGAMAN INDUSTRIES, which is among the largest of Israel's textiles companies and the major dyer and finisher of yarn and fabrics, doubled its consolidated net profit in the 1978-79 fiscal year to 123.8m (\$1.4m).

Offer raised for Integon Group

BY OUR FINANCIAL STAFF. ANDERSON Clayton, the food and related products group, has increased its offer for Integon Corporation to \$25 a share, putting a price tag of \$217m on the group.

Applied Data sees downturn

PRINCETON. Applied Data Research has cut its earnings projection for the full year to about \$1.45 a share, down from \$1.48 in 1978. The company had previously predicted a modest upturn in earnings for the year.

CIBC start system of daily interest accounting

BY VICTOR MACKIE IN OTTAWA. A FOURTH major chartered bank in Canada has announced the introduction of a new kind of account that earns interest on the closing daily balance.

Fuji Photo moves ahead

TOKYO. Fuji Photo Film Company, the Japanese film maker, raised its consolidated net profit in the first half-year, ended April 20, by 8.3 per cent to ¥9,570n (\$45.9m) from ¥9,111n in the same period last year.

AMERICAN MARKETS

NEW YORK, August 3. THE GENERAL psychology of the markets improved slightly. Gold and silver rallied for minor gains. The livestock complex rallied sharply for a second day.

COMMODITIES REVIEW OF THE WEEK

Lead prices soar on London market

BY OUR COMMODITIES STAFF. LEAD SOARED on the London Metal Exchange yesterday with cash prices closing 56p up to £385 a tonne, 27 1/2 higher than a week ago.

MARKET REPORTS

BASE METALS

COPPER. Higher again on the London Metal Exchange. After opening firmer, it moved to a new high of 215.50. However, the market rallied to touch 225.50 following fresh buying before easing in the afternoon owing to profit-taking, to close the late kerb at £248. Turnover 17,500 tonnes.

WEEKLY PRICE CHANGES

Table with columns for Commodity, Unit, and Price Change. Includes sections for Metals, Grains, and Rubber.

LEAD LONDON CASH METAL



U.S. domestic zinc prices have been cut from 39.5 cents to 37 cents a pound.

Copper prices rallied strongly with cash wirebars gaining \$31.50 the week to \$243.5 a tonne. The upturn was encouraged by the decline in the dollar and further falls in warehouse stocks.

The London soft commodities market was chiefly characterized this week by a general upsurge on Tuesday in response to the sudden weakness of sterling.

After an initial fall encouraged by continuing mild weather in Brazil, coffee prices were boosted on Tuesday by sterling's fall, concern over supplies following reports that the Panama Canal was blocked, support buying on behalf of Latin American producers, and warnings that last month's cold weather may have set back Brazilian crop prospects.

The rise continued on Wednesday, influenced by news that Brazil had increased its coffee export taxes, but prices subsequently declined.

Tuesday's sterling decline triggered a technical recovery on the London cocoa market which lifted nearby prices by over 70 a tonne.

But the market's recent 'bearish' mood was quickly resumed, possibly encouraged by disappointment at the failure of the latest round of international cocoa pact negotiations in Geneva.

Dealers thought the lower tone was also influenced by the announcement of higher-than-expected mid-drop purchases in Ghana. The Marketing Board said it purchased 5,382 tonnes in the first two weeks of the season against last year's final total of 8,126 tonnes.

Apart from currency factors world sugar values were boosted by more optimistic news on U.S. sugar legislation. The House of Representatives rules committee this week cleared the way for Congress to consider the Administration's sugar Bill after the summer recess.

GRAINS

WHEAT. Yesterday's BARLEY. Month close: + or - Yesterday's + or - close: + or -

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COCAOA

Cocoa futures remained steady throughout a quiet day reflecting very little movement in the market.

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Thursday's closing prices

Table showing closing prices for various commodities including Cotton, Coffee, Cocoa, and Rubber.

INDICES

Table showing financial indices including Dow Jones, S&P 500, and FTSE 100.

MOODY'S

Table showing Moody's credit ratings for various companies.

REUTERS

Table showing Reuters market data and news snippets.

WOOL FUTURES

Table showing wool futures prices and market activity.

LAGER I

Pints of growing popularity

BY DAVID CHURCHILL, CONSUMER AFFAIRS CORRESPONDENT

THERE SEEMS little doubt that 1979 is going to be a very good year indeed for lager. The combination of a fine summer—despite a late start—and the increase in disposable incomes could help push lager's penetration of the total beer market ever nearer the 30 per cent figure that even a decade ago would have seemed impossible.

In 1960 less than one half of one per cent of beer sales were accounted for by lager. By last year the market had grown at such a phenomenal rate that 27 per cent of all beer sold was lager. Put another way, more than one in four of all pints sold in the UK was lager beer.

Although some of the optimistic market forecasts of lager growth during the 1980s have now been revised downwards, there is little doubt that it will continue to capture an increasing share of the market. To many people in the industry the question is when—rather than whether—the UK will join the bulk of other countries where lager is the predominant beer drink.

Yet such long-term optimism has not stopped the major lager producers from spending over £14m on advertising their particular brands—there is a choice of over 140—either in the Press, on posters and on television. Indeed it would be hard to ignore the degree of lager advertising during the peak summer months—although some market research suggests that advertising only makes consumers aware of lager in general rather than any particular brand.

One feature of the scramble by the brewers for a share of the growing lager market is the long-established Harp lager consortium to allow both Courage and Scottish and Newcastle the chance to increase profitability on their own.

The boom in lager throughout the late 1960s and more especially the 1970s is all the more remarkable given that lager has been brewed in the UK since the last century. Records show that lager was brewed at Wrexham and Glasgow in the 1830s, and in the early 1900s lager brewing facilities were developed at Burton-on-Trent, Edinburgh, Alloa and London. In fact Thomas Lampray, Editor of the Brewers' Guardian, went so far

as to suggest in 1881 that "there is a strong possibility that Germant lager will replace traditional ale in the next 20 years."

But for decades lager sales remained steady at around a half of 1 per cent and the image remained of lager as a Continental, pricey and somewhat effeminate drink. So what caused the lager boom?

The reasons are many and some of them complex—with the position even further complicated by the fact that the lager boom started much earlier in Scotland for apparently different reasons. Lager has quadrupled its share of the Scottish beer market from the 11 per cent it held in 1966. The most commonly stated reason for this is that lager is a better chaser with whisky than the traditional heavy Scottish beers.

Scotland's early liking for lager is even more surprising when considering the two main reasons for its popularity in the much larger drinks market south of the Border. These reasons are sunny weather and economic prosperity—and Scotland is not particularly noted for either its sunshine or its economic wealth (before the current oil boom). Fine weather is universally regarded in the industry as good for all beer sales and especially for lager, which consumers see as a refreshing cool drink, less bitter than other beers and not so likely to cause a hangover.

Apart from 1977 the UK has enjoyed a succession of fine summers throughout the 1970s, culminating in the exceptionally hot weather in 1976 when demand for all beers, especially lager, reached record levels. But the weather is obviously not the only factor, since this influences all beer and drink sales, not just lager. Stockbrokers W. Greenwell and Co. suggest that the level of personal disposable income has as much to do with demand as has the weather. In 1973, it is pointed out, real income rose by over 6 per cent, and despite a poor summer lager sales rose by 34 per cent.

But although the weather and personal spending power are obviously the key determinants, there were several other reasons for lager's growth in the 70s.

Increasing affluence led more people to travel abroad, where

lager is the main beer sold. Thus consumers who had tasted Continental lagers were more willing to recapture the experience in their local pub at home.

Moreover the 1970s have seen more women and young people becoming regular drinkers. For both groups, lager has provided an acceptable alternative to traditional English beers.

Lager represented a break from established beer drinking patterns and was in line with the world-wide trend in the drinks markets towards light, clean, relatively bland products at the expense of darker and heavier drinks. This is shown by the upsurge in demand for white wine, vodka and white rum.

Mr. Joe Walker, a specialist marketing director with Whitbread, points out a parallel in the rapid consumer switch from plain to filter-tipped cigarettes. The latter like lager, successfully overcame a "non-manly" consumer image.

The high level of advertising by companies anxious to capture a share of the market has undoubtedly helped push up sales overall. Not all advertising, however, may be of benefit to the individual advertiser. Stockbrokers Buckmaster and Moore suggest, from analysis of market research, that "a consumer, seeing an advertisement for a particular lager, is more likely, if there is any reaction, to be made aware of lager rather than the brand mentioned."

Yet Mr. Edward Guinness, chairman of Harp Lager, also suggests another reason for the lager boom. "Perhaps the simplest answer is that there is a growing number of people who actually prefer the taste of lager," he says.

He points out that there are very distinctive and important differences between lager and traditional English ales. "Lager is the German word for storage," he says, "and it is the length of time for which the beer is matured that is one of the basic differences between British ale and lager." Two other factors, he suggests, are the type of yeast used and the method of fermentation.

Now available in virtually every pub and on-licensed outlet in the UK.

One of the key marketing questions over the next few years will be what effect the break-up of the Harp consortium will have on the market.

Although generally agreed market share estimates are difficult to find, it is estimated by some that Bass Charrington is the market leader with about 28 per cent of sales split between Carling Black Label and Tennent's. This is followed by the Harp consortium with some 22 per cent of the market. Next comes Allied Breweries with Skol, Whitbread with Heineken and then Carlsberg and the rest.

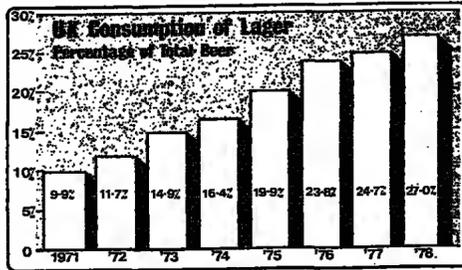
The restructuring of the Harp consortium will see Guinness taking the major shareholding—after having previously held an equal share with Courage and S & N—with Greene King and the Wolverhampton and Dudley breweries the minority shareholders. But with both Courage and S & N now free to put their full resources behind their own lagers, the market seems set for some fierce competition.

There are suggestions that the lager brewers may have to respond to consumers' demand for stronger—and more expensive—lagers. As Mr. Colin Mitchell of Buckmaster and Moore points out: "Increases in lager gravities are unlikely to be passed on to the consumer in higher prices because of competitive pressures, and thus there could be an erosion of margins."

But the question most lager producers want answered is the probable rate of growth for lager in the next two decades. A few years ago the growth forecasts were extremely optimistic, with lager taking over half the total beer market by the early 1980s and up to three-quarters by the 1990s.

There has been a general scaling-down of these forecasts, however, with a more conservative view that lager will capture only the 35 per cent of total beer sales by the mid-1980s, with a longer term target of some 40 to 45 per cent.

Although the optimism of the past few years may have been misplaced, most industry experts looking in their own particular crystal balls see no reason for any real pessimism.



The graph shows how lager has captured an increasing share of an otherwise relatively static UK beer market. It accounted last year for more than one in every four pints downed.

The brewers and their brands

BY JAMES FRENCH

NEW BRANDS of lager seem to be foaming on to the market at too fast a rate for a drinker's taste buds to discern the difference between the flavours. I was careful to use the neutral word "drinking man," for one of the major factors in lager's capture of such a substantial share of the beer market is its acceptability to women.

Of the more than 140 brands of lager available in Britain, 85 are brewed here. Those imported account for less than 5 per cent of the lager market, and between 1.8 and 2 per cent of the beer market.

Britain is drinking 3bn pints of lager a year. One interesting difference between the home product and overseas lager is that three-quarters of British lager is draught, whereas the general pattern abroad is for two-thirds of the lager to be sold in bottles and cans. Even the Belgians and Australians have been weaned from draught to container beer. Not surprisingly, the society attributes this piece of British chauvinism to the tra-

dition and popularity of the British pub.

Yet home drinking is having a major effect on the British lager trade. In 1960, when lager accounted for barely 1 per cent of British beer sales, it was enough for a brewer to run one standard brand of lager; indeed many did not bother then to sell one.

Now, with lager commanding 27 per cent of beer sales according to the Brewers' Society—and different brewers have their own variations of that statistic—the industry is preparing for an advance to 35 per cent within the next decade—and is complicating things for the lager drinker by increasing the choices, and by introducing more brands for the take-home market.

The two main prongs of diversification are in the premium sector and in the light—or as much of the trade will have it, the "lite" range. The growth in the premium sector represents the lager drinker's willingness to pay more for a

stronger, more "Continental" lager.

Originally a taste for lager did represent a taste for a more exotic beer, and was a by-product of the explosion of Continental holidays for the masses. But with British brewers having successfully assimilated lager as a home product, and having changed the taste of drinkers—and having persuaded them to take their beer chilled—we are clearly very much in the second phase of Europeanisation.

I seem to remember, with the introduction of the breathalyzer test for drivers, the introduction of a few low-gravity "lagers" guaranteed to bloat the bladder, if one could last the course, hours before the merest suspicion of green might appear in the crystals.

But now the accent is on producing a flavoursome drink, not lacking in alcohol, that is not too much of a handicap for the weight-watcher.

The British lager drinker has almost an embarrassment of choice—and the range is expanding. Home-brewed lagers include beers produced under licence from, or according to a formula from, Belgium, Canada, Denmark, France, West Germany, Jamaica, Holland, Switzerland and the U.S. And the 800,000 barrels of lager imported annually come not only from those countries, but also from Australia, Brazil, Luxembourg, Czechoslovakia, New Zealand, Norway, Poland, Singapore and Spain.

Consider the problem facing the lager drinker who favours his Allied Breweries local. He might well have to make up his mind about selecting any one of the following: Lowenbrau brewed in Britain; Lowenbrau draught export, light special, or diet pils, brewed in that estimable beer centre, Munich; Oranjehon, brewed in Holland; or Skol, Skol special strength, or Arctic Lite, all brewed in Britain, at one of four breweries, including Wrexham, said to be the first lager brewery in Britain. It was established by a Bavarian kellermeister in 1881.

Or what about the plight of the drinker who buys his lager at a Whitbread off-licence. Until recently his choice was Between Heineken, imported from Holland at special export strength, in half-pint bottles only, or in the standard version brewed in this country, in various-capacity bottles and cans, or the stronger Belgian-formula premium lager, Stella Lager.

But in May Whitbread brought in Heidenbrau—German for brew of heroes—produced at the modern Samlesbury brewery near Preston, Lancashire, and

aimed at the take-home trade, of which the group claims to hold 40 per cent of the market, and a lead of 25 per cent over the nearest competitor.

Extensive market research convinced Whitbread that there was a niche for a new product—perhaps it will sell in places the other lagers do not reach—and they are backing it with a £2m advertising and promotion campaign. Research, too, confirmed that Britain's lager drinkers associate quality with German-style names, hence Heidenbrau.

A layman, if not a lagerman, might have thought enough was enough, but in the Southern Television area, Whitbread is now test-marketing Kaltenberg, a premium beer that slots between Heineken and Stella. It is produced in this country under the supervision of a Bavarian expert, but is also available in royal diet pills and royal pilsener versions.

The name Pilsener, sometimes spelled without the first "e," testifies to the Czechs' early predominance in brewing—Good King Wenceslas granted the burghers of Pilsen the right to brew their own beer in 1295, and Pilsner Urquell, which was there at the start, is still going strong and exporting to 86 countries.

The company claims that it is the pure local water, with the right balance of zinc, iron, and other natural elements, that gives it its distinctive taste.

Spearhead of the lager sales in Britain is and was Bass's Hemyng (which is Flemish for heavenly). It was introduced in 1976 in bottles and cans, and became available on draught in April 1977, and Bass says it is the only lite lager nationally available.

"We are still installing it in pubs and clubs as fast as we can cope," says the company, whose range also includes Carling, which it says is the top-selling lager in England and Wales; Tennent's, Scotland's best-seller, Tuborg, in different strengths (all these brewed in the UK); and Lamot Pilsner, a premium lager imported from Belgium.

Britain's biggest lager brewery is Carlsberg's at Northampton, which produces 2m barrels a year in Pilsener, Hof, De Luxe and Special Brew strengths. The company is associated with Wakeney, Mann and Truman. In Denmark, Carlsberg and Tuborg are United Breweries, but in Britain they operate as two distinct operations.

As brands proliferate and the pattern of strengths and flavours diversifies, one wonders whether beer commissioners will do for lagers what real ale enthusiasts have achieved for their tipple.

0-to-2000 bottles filled in 60 seconds. How's that for starters?



Rockware is faster off the mark than ever.

Our new RDM system can bottle lager, beer and soft drinks at far greater speeds than traditional lines, and at much higher levels of efficiency.

This revolutionary high speed method of filling is available only from Rockware Kingspeed in the UK.

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Our new range of equipment has been specially designed to fill and cap narrow-neck glass containers at speeds of between 750 and 1,500 per minute.

Yet these higher levels of output are reached without increasing the speed of linear movement.

Rockware's development of

the widemouth bottle, coupled with the introduction of the RDM system, now makes speeds of even 2,000 per minute realistic.

Significant savings

This vastly improved capability is applicable to most sizes of operation, particularly companies handling over 50 million bottles a year.

Together with the known cost advantage of glass containers over alternative forms of packaging material, significant savings can be made against the capital and processing costs of all conventional filling operations.

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LAGER II

Boom in take-home sales

BY DAVID CHURCHILL

THERE CAN be little doubt of the close inter-relationships between the rapid rise in lager sales and the booming take-home drinks market. Both are phenomena of the 1970s.

But which is the more important is hard to determine. Has the boom in drinks to take home been a major cause of the soaring lager sales—or is it the demand for lager that has boosted take-home sales?

Not surprisingly, the answer is probably a mixture of both. The rise in both sectors of the market has been the result of a variety of factors, but the popularity of lager and take-home drinks has had a mutually reinforcing effect.

Take-home beer sales have risen from 8 per cent to 12 per cent of the total beer market in three years—and market estimates suggest that by the early 1980s take-home beer will be a 20 per cent share.

Of this market, however, lager is now estimated to have some 45 per cent of sales and some forecasters—but not all—expect this share to grow to 60 per cent by the mid-1980s. Stockbrokers Buckmaster and Moore are among those who feel that the scope for increased market penetration by lager "may be diminished".

The rapid growth of consumer preference for drinks in the home—although it must be acknowledged that the traditional public house still remains the most popular place for a drink, even though its popularity is falling—has arisen for a number of reasons.

The key factor, however, has probably been the increasingly easy accessibility of drink in supermarkets. As most consumers show at least once a week in a supermarket, it has

become relatively easier to add a few cans of lager or a bottle of wine to a loaded trolley rather than make a special trip to an off-licence.

The AGB research company has shown that in the rapidly growing wine trade off-licences account for only 40 per cent of sales, while the multiple and independent grocers, co-operative stores and other High Street stores account for at least 52 per cent.

Other trade surveys show that in the total take-home market, including wines, beers and spirits, off-licences account for approximately 60 per cent of sales, with supermarkets and other multiples accounting for the remaining 40 per cent.

However, the take-home market is growing so fast that some estimates suggest that the supermarkets may now be more equally split with specialist off-licences and share the take-home market.

A recent attitude survey, carried out by the Stats MR company, found that 57 per cent of consumers said they went most often to a supermarket to buy take-home drinks, with 33 per cent going to an off-licence.

Tesco was the most frequently cited driving force, mentioned by one in every four of the survey—followed by the Co-ops (22 per cent) and J. Sainsbury (18 per cent) and then by a specialist off-licence chain, Victoria Wine.

Mr. James Duggan, Tesco's wines and spirits buying director, has pointed out that only little more than a decade ago the nation of selling wines, spirits and beer over the supermarket counter was virtually unknown.

"In certain quarters," he adds, "the idea was completely

taboo and as late as 1967, when Tesco began to examine the prospects for the market, only seven out of the 800 stores we had then held a licence and total turnover was no more than £150,000 a year."

Yet nowadays, he points out, Tesco's take-home business "is one of the most dynamic and rapidly growing sectors on the company's books." Tesco's beer sales, for example, have been estimated at well over £30m a year.

Another factor in the growth of take-home sales is the more widespread acceptance of canned beers. Beer is consumed at home mainly from cans, with a small proportion drunk from non-returnable bottles. But while there are still substantial sales of beers in returnable bottles sold over the counter from pubs, their popularity has been on the wane for several years.

However, the recent introduction of so-called widemouth bottles (bottles which have a wide neck to drink or pour from) is proving popular with supermarket shoppers.

The preference for take-home drinks is also influenced by the economic position. People may prefer to drink at home because they can buy their drink cheaper in a supermarket than at a pub. Alternatively, a rising standard of living enables people to buy more drink specially to consume at home.

The big brewers dominate the take-home market since they have better marketing resources and production facilities such as canning lines. The main move among the brewers in recent years has been Bass' recovery from its under-representation in the take-home market. Subsequently, Bass set

up a separate organisation to take advantage of the take-home trade and it means that it now runs neck-and-neck with Allied Breweries for the largest stake in the market.

Mr. Stephen Digby, managing director of Bass Sales, says the company now has "a sales philosophy similar to that of any efficient supplier of packaged goods and we have a portfolio developed to meet the main growth areas of the take-home market—with eight leading lager brands alone."

However, the take-home sales boom has not been without its problems for both the drink producers and the consumer.

Brewers and other drink producers are finding that the fierce competition between supermarkets means that their profit margins have been cut right back; profitability of beer sales through supermarkets is far lower for the brewer than sales through a public house.

Buckmaster and Moore have estimated that assuming current margins in take-home and pub sales are unchanged, the changing pattern of sales by type of outlet could lead to an 8 per cent drop in margins and the forecast 22 per cent increase in sales might translate into only a 12 per cent rise in profits in real terms.

The other main problem concerns the accessibility of drink in supermarkets, which is suggested by some to be one of the main reasons for the sharp rise in alcoholism, especially among housewives, in recent years. Increased social concern over the spread of alcoholism—and the need for drink producers to secure higher margins—may eventually take some of the shine off the take-home boom.

Drive to reduce energy costs

BY PAUL TAYLOR

INCREASING FUEL costs have added a further impetus to attempts by all brewers to reduce energy wastage, while the industry's competitive nature serves as a continuing incentive to improve the efficiency and utilisation of its plant.

Within the industry the phenomenal growth in the demand for lager has itself led to large and rapid investment programmes among the UK's big brewers and, to a lesser extent, among the smaller independent companies. Although lager has been brewed in Britain since 1882 when a group of Germans opened a brewery in Wrexham, now owned by Allied Breweries, it is only the last 15 years that lager consumption in Britain has shown real growth.

As a result more than 80 different lagers are now brewed in Britain and lager consumption accounts for about 57 per cent of the total amount of beer consumed in the UK.

The industry has not been slow to encourage this trend towards drinking lager, or to take part in development of the lager market. Indeed, some observers now suggest that there is some over-capacity in the industry although this is strongly rejected by the Brewers' Society.

Investment in productive and distribution equipment in the brewing industry as a whole is running at about £200m a year in addition to a further £200m a year spent on developing retail outlets.

New plant capable of producing lager remains a high investment priority for brewers despite suggestions that the growth in lager consumption may slow in the 1980s.

Some indication of the level and importance attached to investment in lager capacity is given by examining the restructuring of the Harp consortium, announced in April.

Under the new arrangements Guinness will increase its shareholding in the new consortium to 70 per cent with Greene King, the East Anglian brewer, paying £1.1m to increase its stake from 2 per cent to 20 per cent and Wolverhampton and Dudley Breweries increasing its shareholding from 2 per cent to 10 per cent.

Bass Charrington, one of the original partners in the Harp consortium before it sold its 5 per cent stake to Courage and Scottish and Newcastle, is acquiring the Alton lager brewery in Hampshire from the consortium. This move, together with acquisition of packaging plant and a new investment in kegging plant, is expected to cost about £17m at current prices by 1982.

If, as has been claimed by the brewers, political intervention in the industry caused uncertainty over future investment plans then the advent of the country's new administration should lead to an increase in business confidence and perhaps additional investment.

However, the return on capital

invested in the industry at present remains poor. Sir Derrick Holden-Brown, chairman of the Brewer's Society, suggests that the rate of return averages about 13 per cent and in some cases is no more than 9 per cent. Some observers suggest that the average rate of return is closer to the 9 per cent figure than 13 per cent.

The need to improve the rate of return on capital, coupled with concern over the impact of higher energy costs, is an incentive to improve plant utilisation and adopt technological developments where the capital cost can be offset clearly against improved efficiency and, in some cases, lower manpower and maintenance costs. Within the industry this is nowhere more true than in lager production since the process itself requires longer storage times and, therefore, greater capital costs.

Throughout the whole process of lager brewing, from malting in bottling, the drive therefore is to reduce energy costs and production time while improving plant utilisation and maintaining the quality of the product.

At the malting stage brewers increasingly are using a malt knock off a little of the husk so enabling malting times to be reduced from, say, seven to six days.

In contrast to ales, lager malt can also be kilned at a lower temperature and higher moisture level, leading to further energy savings over the traditional brewing process.

In the brewhouse itself mash filters and lauter tuns are being introduced, leading to significant increases in the number of brews which can be achieved in a day. By speeding the filtering process, 12 brews a day are being achieved instead of two.

Temperature control and energy utilisation are the key elements in the design of the wort kettle. Companies like Robert Morton DG, part of the Lindushters engineering group, have introduced systems enabling the wort temperature to be raised to 103 or 104 deg. C leading to shorter boiling times and—by using steam condensers and heat exchangers—to energy savings by using the steam to reheat cold water. RMDG claims that such systems can achieve 80 per cent heat efficiency.

The industry is examining pressurised steam systems for the future which, because of their higher operating temperatures of up to 140 deg. C, can further reduce process times and, through heat recycling, lead to even greater energy savings.

Because of the high capital outlay it is not likely that such advanced copper systems will replace conventional systems in the short term. However, brewers will look closely at the potential savings where new plant is being installed. Although high-pressure systems were developed some years ago, there are indications that the

higher energy prices are acting as a catalyst for further development.

Throughout the whole brewing process increasing emphasis is also being placed on recycling water and sludge. Centrifuges for separating out suspended matter have been replaced by whirlpools operating on much the same principle as that witnessed when a cup of tea is stirred and the tea leaves sink to the bottom in a cone. The wort is pumped into the whirlpool at a tangent to the side, so avoiding the need for any mechanical system for rotating the vessel itself or stirring the wort.

Perhaps the most significant development in lager equipment has been the introduction of cylindrical-conical fermenting vessels, replacing the traditional square or horizontal ones.

Since lager production involves bottom fermentation using yeasts which sink to the bottom of the vessel rather than rise to the surface, the cylindrical-conical vessel allows the yeast to be separated out from the bottom.

In the interests of energy conservation these new vessels are now being built outside the main building, which reduces the need for cooling equipment and avoids unnecessary cooling of the brewery itself.

Each vessel can be fitted with an individual heat exchanger and they are now being built with a capacity of up to 2,500 barrels instead of the 500 barrel size used 10 years ago.

Since lager production is dependent upon long storage times at low temperatures it was originally thought necessary to have about six storage containers for every fermentation vessel—based on a six-week storage time. The emphasis now is on reducing the length of

storage time and making better use of plant.

To achieve better plant utilisation cylindrical conicals are increasingly built to perform the dual functions of fermentation vessel and maturation vessel. In addition many are now fitted with automated cleaning systems which reduce manpower and possible health and safety hazards.

To increase effective storage volume Allied Breweries developed a patented foam suppressant which is now widely used throughout the industry, and the company is also closely watching experiments designed to breed barley which are free from the chemicals which destabilise the lager.

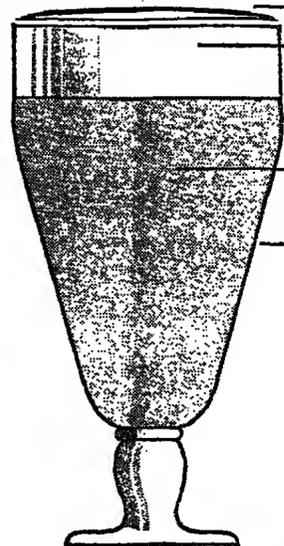
Automation and computer control of sections of the brewing process are not new to the industry. However, the trend is towards greater automation when the capital cost is justified by lower running costs.

At the end of the production process developments in the bottling and canning side of the brewing industry include high-speed bottling and canning lines.

Rockware Glass of Northampton has produced the wide-mouth bottle to compete directly with the ring-pull can and also supplies a range of bottling machines capable of matching the output and economies of high-speed canning lines. Rockware claims that the twin-lane mechanism enables filling speeds of up to 2,000 bottles per minute.

The expanding range of machinery and equipment available to the brewing industry will be on show at BREWEX '80—the International Brewing, Bottling and Allied Trade Exhibition at the National Exhibition Centre in Birmingham next March.

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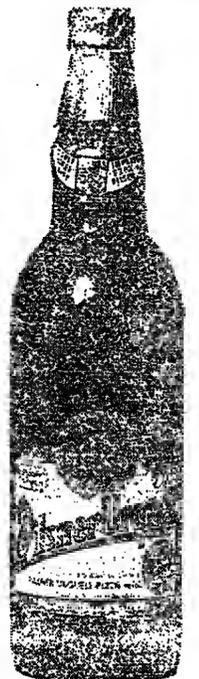
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Ministry discussions over spending cuts

BY CHRISTOPHER PARKES OFFICIALS AT the Ministry of Agriculture have started talks with staff representatives on how best to fulfil Cabinet instructions to cut spending in the department by 10 to 20 per cent.

Pension funds fail to match All-Share index

ONLY 11 pension equity funds out of 64 have so far managed to outperform the FT-Actuaries All Share index this year, according to the latest survey of pension fund performance.

Table with 4 columns: Equity funds, Change %, Fixed-interest funds, Change %

the All-Share index with income reinvested had risen by 15.5 per cent over the period. Only 11 funds had a higher unit price increase over the first half of the year, the average increase of all equity funds being 10.1 per cent.

Domestic machine tool orders fall by 11%

DOMESTIC ORDERS for machine tools continued to drop in the first four months of this year, according to figures published in the official Journal, Trade and Industry.

Expel any Pretoria radar trainees, Allau urges

MR. FRANK ALLAU, chairman of the Labour Party, called on the Foreign Office yesterday to return home any South African defence personnel who may be undergoing training in Britain on the use of radar equipment.

UK-Canada transfer tax understanding

A NEW understanding has been reached by the British and Canadian Governments on the effect of the former Canadian death duties double taxation agreement on UK capital transfer tax.

Clothing company in £1m Ulster expansion

THE U.S.-OWNED clothing and hosiery company, VF Corporation (UK), has announced a £1m expansion.

BRITISH FUNDS (689)

Table listing various British funds with their respective values and changes.

BREWERS (112)

Table listing various breweries with their respective values and changes.

COMMERCIAL (1,922)

Table listing various commercial entities with their respective values and changes.

CORPORATIONS (36)

Table listing various corporations with their respective values and changes.

FREE OF STAMP DUTY

Table listing various entities free of stamp duty.

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Stock Exchange dealings

Table showing stock exchange dealings for Thursday, August 2, Friday, August 3, and Saturday, August 4.

The list below gives the prices at which bargains were done by members of the Stock Exchange and recorded in last Thursday's Stock Exchange Daily Official List.

Members are not obliged to mark bargains, except in special cases, and the list therefore is regarded as a complete record of prices at which business has been done.

The number of dealings marked on Thursday in each section follows the normal section. Unless otherwise stated, shares are in £1 fully paid.

Bargains at Special Prices. Bargains done with or between members of the Stock Exchange, or between members of the Stock Exchange and a member of the Stock Exchange, are recorded in the Official List.

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Financial Times Saturday August 4 1979

London Stock Exchange (LSE) 1979
London 500 Index (1979) 2,114.10
London 100 Index (1979) 1,100.00

Investment Trusts (1979)
Alliance Trust (1979) 1.25
British American (1979) 1.10

Electric Light (1979)
Electric Light (1979) 1.10
Electric Light (1979) 1.10

Financial Trusts (1979)
Financial Trusts (1979) 1.10
Financial Trusts (1979) 1.10

Local Authority Bond Table
Annual Interest: 7%
Life: 10%
Authority: 11%

Building Society Rates
Deposit: 8.50%
Share: 8.75%
Subpo: 10.00%

London 500 Index (1979)
London 100 Index (1979)
London 250 Index (1979)

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Subpo: 10.00%

UK MONEY MARKET
Bank of England Minimum
Leading Rate 14 per cent
(Tenure June 12, 1979)

OTHER MARKETS
August 5
Sterling Certificate of Deposit: 13.10%

LOAN MONEY RATES
Aug 3
Sterling Certificate of Deposit: 13.10%

UK CONVERTIBLE STOCKS 3/8/79
Bank of Ireland 10pc Cv. 91-95
British Land 12pc Cv. 2002

CURRENCIES, MONEY and GOLD
EXCHANGES AND BULLION
Trading in yesterday's foreign
exchange market remained

THE POUND SPOT AND FORWARD
Aug 3
Day's spread: 2.2800-2.2830

GOLD
Aug 3
Gold Bullion (fina ounce): \$289.20

CURRENCY RATES
Aug 3
Sterling: 14.0575176

EURO-CURRENCY INTEREST RATES
The following nominal rates were posted for London dollar certificates of deposit:

EXCHANGE CROSS RATES
Aug 6
Pound Sterling: 1.0000

U.K. CONVERTIBLE STOCKS 3/8/79
Bank of Ireland 10pc Cv. 91-95
British Land 12pc Cv. 2002

CURRENCY RATES
Aug 3
Sterling: 14.0575176

CURRENCY MOVEMENTS
Aug 3
Bank of England: 2.114

U.K. CONVERTIBLE STOCKS 3/8/79
Bank of Ireland 10pc Cv. 91-95
British Land 12pc Cv. 2002

U.K. CONVERTIBLE STOCKS 3/8/79
Bank of Ireland 10pc Cv. 91-95
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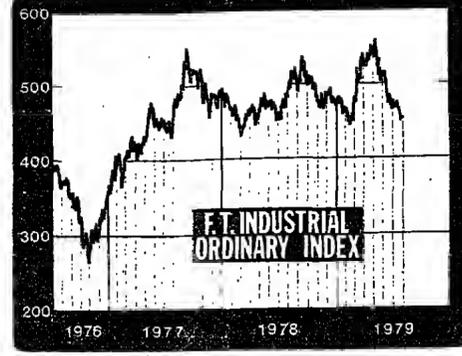
LONDON STOCK EXCHANGE

Quiet conditions persist throughout stock markets but leaders edge higher and Gilts improve afresh

Account dealing dates... First Declared Last Account Dealings... Quiet conditions persist throughout stock markets but leaders edge higher and Gilts improve afresh.

Headline featured Components... Wilson Walton Sold... Headline featured Components, rising 5 to 97p on the chairman's optimistic statement.

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FINANCIAL TIMES STOCK INDICES table with columns for various indices like Government Secs, Fixed Interest, Industrial, Gold Mines, etc., and their values for different dates.

HIGHS AND LOWS table showing high and low values for various stock categories like Govt. Secs, Fixed Int., Ind. Ord., Gold Mines, etc.

NEW HIGHS AND LOWS FOR 1979

Table listing new highs and lows for 1979 across various sectors including Govt. Secs, Fixed Int., Ind. Ord., Gold Mines, etc.

LONDON TRADED OPTIONS table with columns for Option, Ex. price, Closing offer, Vol., Closing offer, Vol., Equity close.

Stylo Good Again... Buying on asset value considerations and suggestions that a bid may be in the offing possibly from Town and Centre.

Siemens Good... With British Petroleum rallying 15 to 117p after recent dullness on the nationalisation of its Nigerian assets.

Facilities for the handicapped

PLACES of historic interest with special facilities for the handicapped are listed in a booklet from the National Trust.

ACTIVE STOCKS YESTERDAY

Table of active stocks yesterday with columns for Stock, Denomination, Closing price, Change on day, 1979 high, 1979 low.

OPTIONS DEALING DATES

Table of options dealing dates with columns for Deal, Declared, Settlement, etc.

FT-ACTUARIES SHARE INDICES

Table of FT-Actuaries Share Indices with columns for Equity Groups & Sub-sections, Index No., Day's Change, etc.

ON THE WEEK

Table of stock performance on the week with columns for Stock, Denomination, Closing price, Change on week, 1979 high, 1979 low.

RECENT ISSUES

Table of recent issues with columns for Issue, Amount, Date, etc.

BASE LENDING RATES

Table of base lending rates for various banks and institutions.

FIXED INTEREST STOCKS

Table of fixed interest stocks with columns for Issue, Amount, Date, etc.

EQUITIES

Table of equities with columns for Issue, Amount, Date, etc.

"RIGHTS" OFFERS

Table of rights offers with columns for Issue, Amount, Date, etc.

DETECTIVES MAY CHECK POP RECORD RETURNS

PRIVATE investigators may be at influencing staff in record shops to make optimistic returns is therefore strong.

صكمان الامل

AUTHORISED UNIT TRUSTS

Table listing various unit trusts such as 'Merrill Lynch Unit Trust', 'Fidelity Fund Managers Ltd', and 'National Westminster (a)'. Includes columns for fund names, managers, and dates.

Table listing insurance and property bonds companies like 'Abbeys Life Assurance Co. Ltd', 'Guardian Life Assurance Co. Ltd', and 'Prudential Assurance Co. Ltd'. Includes details on policies and financials.

Table listing offshore and overseas funds such as 'Keyser Ullmann Ltd', 'Bank of America International S.A.', and 'Tyrnall Managers Ltd'. Includes fund names, managers, and performance data.

NOTES: This column contains explanatory text regarding the data presented in the tables, including details on fund valuations and reporting standards.

FT SHARE INFORMATION SERVICE

Managers of Commercial Property Knight Frank & Rutley

BRITISH FUNDS

Table of British Funds with columns for Name, Shares, Price, and % Change.

AMERICANS

Table of American Stocks with columns for Name, Shares, Price, and % Change.

Over Fifteen Years

Table of long-term investment performance data.

UNDATED

Table of undated financial data.

INTERNATIONAL

Table of international financial data.

CORPORATION LOANS

Table of corporation loan data.

LOANS

Table of general loan data.

COMMONWEALTH & AFRICAN LOANS

Table of Commonwealth and African loan data.

Public Bonds and Ind.

Table of public bonds and industrial data.

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FOREIGN BONDS & RAILS

Table of foreign bonds and rails with columns for Name, Price, and % Change.

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CHEMICALS, PLASTICS—Cont.

Table of chemicals and plastics with columns for Name, Price, and % Change.

ENGINEERING—Continued

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Table of beers, wines and spirits with columns for Name, Price, and % Change.

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Table of drapery and stores with columns for Name, Price, and % Change.

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Table of hotels and caterers with columns for Name, Price, and % Change.

CANADIANS

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Table of building industry, timber and roads with columns for Name, Price, and % Change.

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Table of electricals with columns for Name, Price, and % Change.

INDUSTRIALS (Miscel.)

Table of industrial stocks with columns for Name, Price, and % Change.

BANKS AND HIRE PURCHASE

Table of banks and hire purchase with columns for Name, Price, and % Change.

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FOOD, GROCERIES—Cont.

Table of food and groceries with columns for Name, Price, and % Change.

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Table of investment trusts including companies like British American Investment Trust, British Venture Investment Trust, and British Industrial Investment Trust.

FINANCE, LAND—Continued

Table of finance and land-related stocks including companies like Anglo-Italian Bank, British Bank of Africa, and British Home Stores.

Logo for Knight Frank & Rutley, Planning and Compensation.

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Table of Australian mining stocks including companies like Anglo-Australian Mines, BHP, and Broken Hill.

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Table of tin stocks including companies like Anglo-Tin, BHP, and Broken Hill.

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Table of copper stocks including companies like Anglo-Copper, BHP, and Broken Hill.

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Table of miscellaneous stocks including companies like Anglo-Italian Bank, British Bank of Africa, and British Home Stores.

GOLDS EX-S PREMIUM

Table of gold stocks including companies like Anglo-Gold, BHP, and Broken Hill.

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Table of regional market data for various countries and regions.

OPTIONS 3-month Call Rates

Table of 3-month call option rates for various companies and markets.

MOTORS, AIRCRAFT TRADES

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Table of South African stocks including companies like Anglo-American, Anglo-Platinum, and Anglo-Tin.

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Table of African stocks including companies like Anglo-Africa, Anglo-Africa, and Anglo-Africa.

MINES CENTRAL RAND

Table of Central Rand mining stocks including companies like Anglo-Rand, Anglo-Rand, and Anglo-Rand.

EASTERN RAND

Table of Eastern Rand mining stocks including companies like Anglo-Eastern, Anglo-Eastern, and Anglo-Eastern.

FAR WEST RAND

Table of Far West Rand mining stocks including companies like Anglo-Far West, Anglo-Far West, and Anglo-Far West.

FINANCE

Table of finance stocks including companies like Anglo-Italian Bank, British Bank of Africa, and British Home Stores.

DIAMOND AND PLATINUM

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Table of Central African stocks including companies like Anglo-Central, Anglo-Central, and Anglo-Central.

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TRUSTS, FINANCE, LAND

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INDIA AND BANGLADESH

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Africa

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Table of Central Rand mining stocks including companies like Anglo-Rand, Anglo-Rand, and Anglo-Rand.

EASTERN RAND

Table of Eastern Rand mining stocks including companies like Anglo-Eastern, Anglo-Eastern, and Anglo-Eastern.

FAR WEST RAND

Table of Far West Rand mining stocks including companies like Anglo-Far West, Anglo-Far West, and Anglo-Far West.

INDIA AND BANGLADESH

Table of India and Bangladesh stocks including companies like Anglo-India, Anglo-Bangladesh, and Anglo-India.

Sri Lanka

Table of Sri Lanka stocks including companies like Anglo-Sri Lanka, Anglo-Sri Lanka, and Anglo-Sri Lanka.

Africa

Table of African stocks including companies like Anglo-Africa, Anglo-Africa, and Anglo-Africa.

MINES CENTRAL RAND

Table of Central Rand mining stocks including companies like Anglo-Rand, Anglo-Rand, and Anglo-Rand.

EASTERN RAND

Table of Eastern Rand mining stocks including companies like Anglo-Eastern, Anglo-Eastern, and Anglo-Eastern.

FAR WEST RAND

Table of Far West Rand mining stocks including companies like Anglo-Far West, Anglo-Far West, and Anglo-Far West.

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MAN OF THE WEEK

Nigeria's hardline general

BY MARK WEBSTER

EVERY morning before starting work, Gen. Olusegun Obasanjo, the Nigerian head of state, plays an aggressive game of snuff against a member of his staff. He nearly always wins. His aggressive streak is well known to anyone who has caught the brunt of his anger. But just as important in his personality are the military virtues which he displays of self-control and decisiveness.

It is a great tribute to the man that he has steered Nigeria back towards civilian rule keeping rigidly to the programme which was set to give the country a civilian government on October 1. However, recent events have not borne the hallmark of a govern-



Olusegun Obasanjo: Quietly keen to win

ment which is to step down from power in two months' time. If anything, Nigeria's actions in the past few weeks have shown that the final days in power will do much to set the stage for any future government's policies.

The impression is that with time running out the military government is determined to achieve as much as it can before handing over power. That determination could be a key factor in the timing of this week's nationalisation of BP's interests in Nigeria.

A non-smoker and teetotaler, he began his education at Baptist schools in his home state of Ogun. Like President Jimmy Carter he is a devout and practising Baptist.

Rapid

He joined the army as a private, but within a year he was sent to Mons officer cadet school in Britain and received his commission in 1959. His military career progressed steadily, and when he completed the young officers' training course at Shrivenham he received a citation as the "best Commonwealth student ever."

He began to rise rapidly through the ranks during the Nigerian civil war between 1967-70. He ended that war as a colonel and commanded a division during the capture of the Uli airstrip, which ultimately led to the collapse of the secession in Eastern Nigeria.

He first took government office under Gen. Yakubu Gowon as Commissioner for Works. After the bloodless coup which overthrew Gen. Gowon he became an official adviser of staff under Gen. Murtala Mohammed. He reluctantly assumed the post of Head of State when Muhammad was assassinated in 1976. Since then he has strictly kept to the programme for a return to civilian rule adopted by Gen. Muhammad.

What is perhaps surprising is that despite Gen. Obasanjo's intimate association with Britain throughout his training, relations between the two countries have reached an all time low since he came to power. He has never made an official visit to Britain and no British Prime Minister has ever made an official visit to Nigeria, although Mr. James Callaghan came to Kano to talk with President Kenneth Kaunda of Zambia.

Shy

The reason for the souring of relations between the two countries has been the Nigerian view of Britain's policy towards Southern Africa, especially the question of Zimbabwe-Rhodesia. The Nigerian Government has earned the reputation of being arrogant and of throwing its weight around in the African world. It is certainly an unusual rule in which to find the publicly shy Gen. Obasanjo. Apparently, as he travels around the country now on his farewell tour he is thinking of nothing more inviting than his retirement to his farm in his home state of Ogun. At 42, he feels he has had enough of power.

Guns ban not justified, Britain tells U.S.

BY PHILIP RAWSTORNE

THE GOVERNMENT has protested to the U.S. State Department about the ban imposed on the sale of guns to the Royal Ulster Constabulary.

British Embassy officials in Washington have told the U.S. Administration that there is "no justification" for suspending the supply of pistols ordered by the RUC.

The State Department decided to halt the sales and carry out a policy review after the Congressional Foreign Relations Committee had expressed concern and announced that it would hold an inquiry.

Mr. Humphrey Atkins, Northern Ireland Secretary, emphasised that the ban would not leave the RUC short of weapons to protect itself and the province against terrorism.

But Mr. Atkins and his officials are concerned about the influence exerted on the U.S. Government by the Irish lobby in Washington.

The ad hoc Congressional Committee on Irish Affairs, led by Congressman Mario Biaggi, has been one of the powerful groups pressing for the freeze on arms sales, alleging that

political detainees in Ulster were being mistreated.

With Congress going into summer recess, the ban seems unlikely to be lifted before autumn.

Apart from the delay in equipping the RUC with the new weapons, Government officials are concerned about the propaganda that the Provisional IRA may extract from the U.S. decision.

The issue had provoked "anger and outrage" in Ulster, Mr. Paisley said.

Dr. Brewster emphasised that the State Department's action did not constitute a permanent ban.

Mr. Paisley also visited the Foreign Office to urge a strong British protest about the U.S. Government's reaction to pres-

sure from Irish-American elements in Congress.

Mr. Alan Wright, Chairman of the Northern Ireland Police Federation, said his members regarded the U.S. action as "tacit support for terrorism."

Mr. John Taylor, an official Unionist European MP, said it was "outrageous" that the U.S. Government should fail to support an ally. The RUC was the legally constituted police force of a part of the U.K.

The mainly Roman Catholic Social Democratic and Labour Party said: "As Britain has been convicted in the European Court of violating human rights then, under American law, its suitability as a recipient of arms should be scrutinised, and rightly so."

David Buchanan writes: It would be difficult for President Carter to resume arms sales during an election year, in which he will need to conciliate heavyweights in the Democratic Party machine, such as Mr. Tip O'Neill, Speaker of the House of Representatives, and potential rivals such as Senator Kennedy.

Congressional pressure, Page 2

Chrysler appeals for pay freeze

By John Wyles in New York

MR. LEE IACocca, President of Chrysler Corporation, appealed to the United Auto Workers yesterday for a two-year freeze on wage and benefit costs. This dramatic and unprecedented move emphasises the company's precarious position.

Chrysler, the third biggest U.S. car maker, this week declared a record \$207.1m second-quarter loss. It disclosed that it is asking for \$1bn of federal aid over the next two years, and gave a warning that its future was in jeopardy.

Mr. Iacocca made a unique appearance before Chrysler's 13-man rank-and-file bargaining committee and Mr. Douglas Fraser, the union's president.

Negotiations on a three-year contract for 124,000 Chrysler workers in the U.S. and Canada started 17 days ago in parallel with bargaining at General Motors and Ford.

After a brief discussion, Mr. Fraser emerged and implied the appeal would be rejected on the ground that a standard allied to inflation would reduce his members' purchasing power by 25 per cent over two years. However, the union was "conscious of its responsibilities" and a full meeting of representatives from all Chrysler plants would be held next week.

In recent years the union has accorded special status only to American Motors, the smallest and until recently the weakest U.S. car company, by accepting shorter and less lucrative contracts.

Its response to the Chrysler crisis might be crucial in determining the outcome of the company's bid for Government money. Some Congressmen would undoubtedly want to see big sacrifices from union members before voting for aid.

The union has acknowledged Chrysler's weakness by ruling out a strike at the company if the September 14 expiry of its current contract arrives without agreement. Two weeks ago, Mr. Fraser, a former Chrysler employee, called on the Federal Government to take a \$1bn equity stake in Chrysler.

Between the end of 1976 and the end of last year, Chrysler's hourly employment costs rose by a quarter, from \$11.23 an hour to \$14.11 and its total wage bill by fifth, from \$2.51bn to \$2.85bn. The union is seeking a three-year agreement worth more than 30 per cent from the three companies.

Government disposes of its stake in Drake and Scull

By Michael Cassell

THE GOVERNMENT has sold, for a profit of over £160,000, its 18 per cent holding in Drake and Scull, the mechanical and electrical engineering group which nearly collapsed in 1976.

In a rescue operation mounted in August 1976, the Labour Government paid £398,000 for a stake in the group and was itself planning to dispose of the interest before this year's general election.

Institutions

Ministers originally intervened at a time when the group was attempting to sell its civil engineering subsidiary Holland, Hannen and Cultriss to Tarmac plc. The sale was jeopardised by the weak financial position of the parent company. The deal went ahead but subsequent litigation between the two companies ended only this year.

Yesterday, Mr. Michael Heseltine, Secretary for the Environment, announced that his Department's holding in Drake and Scull had been sold to institutional investors for £765,852.

At the time of the company's annual meeting in March, when its shares stood at 48p (yesterday they closed up 1p at 36p) Mr. Michael Abbott, chairman of Drake and Scull, said the Environment Department stood to realise a 70 per cent profit on its investment.

The Department said yesterday that the disposal of the Government's holding—arranged by the placing by brokers Joseph Selig of 2.39m ordinary shares which had been converted from "E" preference shares—had been fully agreed with the company.

Continuing Government involvement in the affairs of Drake and Scull, it added, was "neither necessary nor desirable" and the decision was in line with present policy on the disposal of state interests in private undertakings.

The deal, which means that institutional investors now hold more than half of the company's equity, paves the way for the anticipated capital reconstruction programme, aimed at removing the £6.4m deficit on reserves.

Dividends

It is now expected that the reconstruction which should be implemented by the end of October, will be sufficient to remove any balance-sheet deficiency, without the need for a rights issue. It will also enable Drake and Scull to continue paying dividends, which would not be permitted under the proposed Companies Act—by a company showing reserve deficits.

Mr. Abbott yesterday described the share sale as a "significant and final milestone in the recovery programme of the group, which he said would have fundered but for Government intervention.

In 1977-78, the group—which then included the Holland, Hannen subsidiary—recorded a trading loss of £1.3m, the bulk of which was attributable to road contracts. In 1977-78, pre-tax profits rose from £1.83m to £2.53m. A higher figure is expected for the current year.

Whitby potash project dropped

BY KENNETH MARSTON, MINING EDITOR

CONSOLIDATED Gold Fields has dropped its £75m plan to mine potash at Whitby, North Yorkshire.

"Reappraisal of the Whitby Potash proposals has shown that this project no longer meets the company's financial requirements for new mining investments," Gold Fields says.

Another factor influencing the decision has been the opposition from environmentalists in mining in the North York Moors National Park.

Matters have not been helped by the continuing delay in obtaining a planning decision after the public inquiry in February last year. Gold Fields adds that it has taken into account the impact on the local community if the Whitby project had to be abandoned after it was under way.

Unlike an underground mine, the Whitby operation would have employed only about 200 men, albeit in an area of high unemployment. The solution method: hot water would have been pumped 3,000 feet down to the potash and salt deposit, where a brine would have been formed. That would have been forced to the surface and piped to a refinery.

The company had hoped to produce 450,000 tonnes of potash and 500,000 tonnes of salt a year from reserves sufficient for more than 20 years.

Gold Fields bought the deposit from Shell in 1977. The total cost of the project to disposal, including the purchase price, is less than £2m.

Meanwhile, a decision is to be taken this month on the fate of the nearby Cleveland Potash mine of Imperial Chemical Industries and Charter Consolidated.

Some £120m has been invested in that loss-making project, begun in the late 1960s. It is a conventional deep mine and employs 1,350 people.

Although Cleveland's future remains in the balance, hopes that it may be kept going arises from a wage and productivity agreement recently concluded with the unions.

Customs work-to-rule starts

BY PHILIP BASSETT, LABOUR STAFF

CUSTOMS officers throughout Britain began working to rule yesterday in protest at staff cuts, though most air and sea ports reported few serious delays to passengers or other traffic.

But union officials claimed that the start of the two-week action was successful. They said some incoming passengers at London's Heathrow airport were delayed by 1-1½ hours.

Both the unions involved and some air and sea port authorities thought the effects of the action could be more marked over the weekend as more passengers returned from holiday.

Heathrow, Gatwick and Manchester airports all reported that they had had a relatively quiet day and that the impact of the work-to-rule by 8,000 Customs officers—members of the Society of Civil and Public Servants and the Civil and Public Services Association—had not been too serious.

Continued from Page 1

Loan demand

Mr. Stuart Graham, chief general manager at Midland, says the bank now has very little room for manoeuvre within the corset. "It is beginning to have constraints on us."

He says the eventual result will simply be that Midland, like Lloyds will have to turn down opportunities for making large term loans to companies.

The banks say, however, that the large companies likely to be affected by this cut-back have access to other sources of funds.

The senior bank executives have differing views about interest rates, though nobody expects a reduction in base rates from the present 14 per cent for some months.

Mr. Davis at Lloyds expects rates to remain stable until the autumn and thinks the next move may be downwards. "The authorities would be reluctant to see rates go higher."

Mr. Graham at Midland considers that rates will remain unchanged for some time, but suspects the next move could be upwards rather than downwards.

He thinks that the 2 per cent cut in rates in Minimum Lending Rate may not yet have worked its way fully into the system.

At NatWest, Mr. Benson admits that the direction of the next move in rates is very finely balanced. He expects no change, however, until the end of the year—and considers that will be downwards.

Barclays Bank refused to comment on current bank lending on the outlook for interest rates. Last week, however, the bank's financial review predicted that a further rise in interest rates is likely. It also voiced doubts as to whether consumer loan demand would ease this year.

on Wednesday morning and a high of \$2.3355 last week.

Any official intervention was on a very small scale. This is in contrast to last month when, as Thursday's official reserve figures showed, the Bank of England had to intervene on large scale merely in order to take some of the heat out of the market to allow normal commercial business to be done.

The dollar has been slightly firmer this week against the main Continental currencies so that its trade-weighted index, as calculated by the Bank of England, has risen by 0.8 per cent since Monday.

Continued from Page 1

Sterling

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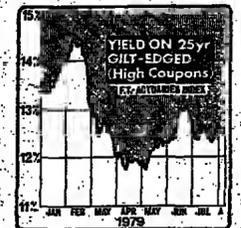
The dollar has been slightly firmer this week against the main Continental currencies so that its trade-weighted index, as calculated by the Bank of England, has risen by 0.8 per cent since Monday.

In contrast, there has been heavy selling of gold as profits have been taken after the sharp rise of the last few months. The price per ounce on the London bullion market fell 51¢ yesterday for a decline of \$18½ this week to \$287½.

THE LEX COLUMN

The cash piles up on Wall Street

Index rose 1.8 to 457.5



In terms of business transacted it has been another depressingly thin week for the broking community, but for investors it has not been entirely discouraging. Equities at least managed not to fall any further, eight-edged having survived the trauma of seeing sterling fall 6½ cents in a day, have shown useful underlying firmness.

Wall Street

As news of falling factory orders and construction spending add to the indications that the U.S. has now entered a recession, Wall Street sages are already looking beyond the valley. They have history on their side. In the last four business cycles, share prices have bottomed out somewhere between four months and a year after the economy reached a peak and started to turn downwards. A similar pattern extends back to well before the war, and only after the great crash of 1929 did share prices continue to sag for an extended period after an economic peak.

Fund managers are betting that the same thing is going to happen once again. Precise estimates of their liquid reserves are hard to come by, but there is no doubt that their cash holdings are very large by past standards. High short-term interest rates are one explanation, of course, and another is the general idea that there are going to be better bargains available for canny buyers in a few months' time.

Figures produced by the Federal Reserve Board show that the life insurance companies were net sellers of equities in the first quarter of this year, to the tune of about \$100m. Corporate pension funds put only around 10 per cent of their new money into equities; a very far cry from the boom days of 1972 and 1973 when they actually put more than 100 per cent of their cash inflow into shares.

But the one thing that is certain about the stock market is that all the fund managers expect it to do one thing, it will do something else. The pension funds currently have about \$22bn a year to invest, and if they all turned hullish at the same time, the market just could not accommodate them. There is another snag. Business cycles can only be identified with any accuracy after they have happened. At present, there is no consensus in the U.S. about where the economy has actually got to, let alone about where it is going.

Redman/Wellman

Shareholders in Wellman Engineering need to do some serious thinking fairly quickly. By the end of next week they will have had to decide whether to accept Redman's offer of £7.3m bid for their shares. In reply to BTR's taunts, Redman is after all going to publish its half-year figures, a move which is still plenty of excitement to come; yesterday Bestobell shares moved up into line with the cash offer.

BTR/Bestobell

BTR's new cash offer for Bestobell—increased by a mere 10 per cent from its sighting shot, to 220p a share—is not the sort of thing to bring fund managers scurrying back from the South of France. It values Bestobell at less than 7½ times prospective earnings (taking a 25 per cent tax charge) and offers a negligible premium to what Bestobell's net worth should be by the end of this year. It does not look like an attempted clean knock-out; what it does resemble is what BTR claims that it is the maximum that it is prepared to pay for the business.

Much more interesting, given the tax implications of accepting a cash offer, is the basic offer of BTR shares (equivalent to up to 9 per cent of BTR's issued capital) rather than the unattractive convertible incorporated in the original bid. BTR clearly hopes that smaller institutional shareholders in Bestobell will take the chance of switching into BTR. If it is, after all, a chance for them to get into what remains a share with a very desirable record, without chasing the price in the secondary market.

BTR is also playing on Bestobell shareholders' fears of how far their company's share price, even after the forecast of a 30 per cent increase in profits this year, might fall in the bid lapsed. Since the bid was made—with Bestobell's shares at their then high for the year, 170p—the All Share Index has dropped by more than 8 per cent and most manufacturing sectors by rather more than that.

Of course, the 10 per cent increase in the value of the bid does not make it any more acceptable to the Bestobell Board, which is still planning advising rejection. Next week in reply to BTR's taunts, Redman is after all going to publish its half-year figures, a move which is still plenty of excitement to come; yesterday Bestobell shares moved up into line with the cash offer.

Wellman, which has an inspiring, profits record, seems to have run out of ground here in Britain, has been slipping around for a U.S. acquisition for some time. It has finally decided to buy the Industrial Heating Business Department of the General Electric Company for something over £5m. The company lost \$0.9m last year and has a pretty erratic profit record. But Wellman reckons that IHBD will make \$0.5m (after financing costs) between now and next March and believes it is ideally placed to exploit the market for gasification equipment—all very fashionable given the current energy crisis.

However, Redman Heating questions seriously the future profitability of IHBD and points out that it will lead to a massive jump in the group's gearing. It believes that shareholders will be better off accepting its cash per share bid.

On the basis of last year's depressed profits this represents an exit price earnings ratio of 14.8 on a fully taxed basis. But assuming Wellman makes £2 million (including the U.S. contribution) the current p/e falls to 7.5, and the dividend could be increased by a quarter, without too much trouble, giving a yield of 7.3 per cent. However, the risks would go up, too.

Weather

UK TODAY

DRY with sunny periods. Showers in some northern and eastern parts.

London, S.E. Midlands, Cent. S. England, N.W. England, Cent. N. England

Sunny periods. Cloudy at times. Max 22C (72F).

E. England, N.E. England, Borders, Edinburgh and Dundee, Cent. Highlands

Isolated showers. Sunny intervals. Max 20C (68F).

S.W. England, Wales and Channel Isles

Dry. Sunny periods. Max 20C (68F).

Rest of Scotland and Ulster

Isolated showers. Bright intervals. Max 18C (64F).

Outlook: Mostly dry and very warm with sunny periods.

WORLDWIDE

	midday	4 p.m.	7 p.m.	10 p.m.	11 p.m.
Algeria	28	32	35	32	28
Amman	25	30	33	30	25
Amsterdam	15	18	15	12	10
Antwerp	15	18	15	12	10
Athens	25	30	33	30	25
Bahia	25	30	33	30	25
Bombay	25	30	33	30	25
Buenos Aires	15	18	15	12	10
Calcutta	25	30	33	30	25
Cairo	25	30	33	30	25
Canton	25	30	33	30	25
Cebu	25	30	33	30	25
Colon	25	30	33	30	25
Hankow	25	30	33	30	25
Hong Kong	25	30	33	30	25
Kobe	25	30	33	30	25
London	15	18	15	12	10
Lyons	15	18	15	12	10
Manila	25	30	33	30	25
Medan	25	30	33	30	25
Mexico City	25	30	33	30	25
Mumbai	25	30	33	30	25
Nairobi	25	30	33	30	25
Rangoon	25	30	33	30	25
San Francisco	15	18	15	12	10
Singapore	25	30	33	30	25
Sourabaya	25	30	33	30	25
Taipei	25	30	33	30	25
Tokyo	25	30	33	30	25
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Available Capital: _____ FT 4/8

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